

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of White Lake	County Oakland
Fiscal Year End December 31, 2005	Opinion Date June 14, 2006	Date Audit Report Submitted to State June 28, 2006	

We affirm that:

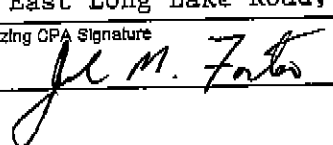
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
  - ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
  - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
  - ☐ ☒ The local unit has adopted a budget for all required funds.
  - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
  - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
  - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
  - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
  - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
  - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
  - ☐ ☒ The local unit is free of repeated comments from previous years.
  - ☒ ☐ The audit opinion is UNQUALIFIED.
  - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
  - ☐ ☒ The board or council approves all invoices prior to payment as required by charter or statute.
  - ☐ ☒ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Janz & Knight, P.L.C.		Telephone Number 248-646-9666	
Street Address 300 East Long Lake Road, Suite 360		City Bloomfield Hills	State MI
		Zip 48304-2377	
Authorizing CPA Signature 		Printed Name John M. Foster	License Number 1101016537

TOWNSHIP OF WHITE LAKE, MICHIGAN

OAKLAND COUNTY, MICHIGAN

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Report on Audit of Accounts

December 31, 2005

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TOWNSHIP OF WHITE LAKE, MICHIGAN

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# JANZ & KNIGHT, P.L.C.

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CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Members of the Board  
Township of White Lake, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of White Lake, Michigan, as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of White Lake, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of White Lake, Michigan, as of December 31, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of White Lake, Michigan basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Very truly yours,

*Janz & Knight, P.L.C.*

Certified Public Accountants

Bloomfield Hills, Michigan

June 14, 2006

## TOWNSHIP OF WHITE LAKE, MICHIGAN

December 31, 2005

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Charter Township of White Lake's (the Township) management's discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Township's financial activity, identify changes in the Township's financial position (its ability to address the next and subsequent years' challenges), identify significant variances from the approved budget, and identify individual fund issues or concerns.

Using this Annual Report

The Township's annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than government-wide financial statements.

Government-Wide Financial Statements

The government-wide financial statements consist of the Statement of Net Assets and Statement of Activities. They are designed to be corporate-like in that all governmental and business-type funds are consolidated into columns which add to a total for the primary government. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are also taken into account regardless of timing of cash being paid or received.

The Township as a Whole

**Net Assets** - The Township's combined net assets were \$33.4 million at the close of the year ended December 31, 2005. This represents an increase of \$2.4 million or a 8% increase from a year ago. As we look at governmental activities separately from the business-type activities, we can see that the governmental activities have seen an increase, of approximately \$1.1 million. A large portion of this increase is from a Fire Fund surplus of approximately \$820,000. This surplus is restricted for future equipment acquisitions in the Fire Fund. The business-type activity has experienced a \$1.3 million increase; primarily as a result of new connection and related charges paid by new customers.

The following table reflects the condensed Statement of Net Assets for the years ended December 31, 2005 and 2004:

Table 1  
Statement of Net Assets

	Governmental Activities 2005	Governmental Activities 2004	Business-Type Activity 2005	Business-Type Activity 2004	Total 2005	Total 2004
<b>ASSETS</b>						
Current and other assets	\$ 25,828,621	\$ 24,642,575	\$ 4,645,669	\$ 3,833,858	\$30,472,290	\$28,476,433
Capital assets	19,365,651	19,721,897	4,231,892	9,549,410	23,597,543	23,265,307
Total assets	\$ 45,192,472	\$ 44,364,472	\$ 8,877,361	\$ 7,377,268	\$54,069,833	\$51,741,740
<b>LIABILITIES AND NET ASSETS</b>						
Current and other liabilities	\$ 9,080,930	\$ 8,562,841	\$ 954,967	\$ 97,038	\$ 9,435,797	\$ 8,649,880
Long term debt outstanding	10,826,084	11,840,455	405,000	455,000	11,231,084	12,095,455
Total liabilities	\$ 19,907,014	\$ 20,203,296	\$ 759,967	\$ 542,038	\$20,666,091	\$20,745,335
Net assets:						
Invested in capital assets, net of related debt	\$ 7,623,502	\$ 7,201,442	\$ 3,778,892	\$ 3,038,410	\$11,400,194	\$10,238,852
Restricted	15,893,918	15,008,973	3,595,669	9,294,101	19,479,767	18,303,074
Unrestricted	1,768,038	1,850,781	754,933	502,718	2,522,971	2,453,479
Total net assets	\$ 25,285,458	\$ 24,181,178	\$ 8,117,494	\$ 6,835,229	\$33,402,952	\$30,995,405
Total liabilities and net assets	\$ 45,192,472	\$ 44,364,472	\$ 8,877,361	\$ 7,377,268	\$54,069,833	\$51,741,740

## TOWNSHIP OF WHITE LAKE, MICHIGAN

December 31, 2005

Unrestricted net assets are net assets that can be used to finance day to day operations. Restricted net assets of the Township totaled approximately \$19.5 million at December 31, 2005. These net assets have limitations on their use that were imposed by restrictions such as enabling legislation, grant or bond covenants. The investment in capital assets represents the Township's capital assets that provide services to citizens; accordingly, these assets are not available for future spending.

The following table shows the changes in net assets for the years ended December 31, 2005 and 2004:

Table 2  
Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004	Business- Type Activity 2005	Business- Type Activity 2004	Total 2005	Total 2004
Program Revenue:						
Charges for services	\$ 3,455,758	\$ 3,794,754	\$ 777,930	\$ 826,826	\$ 4,233,687	\$ 4,421,580
Operating grants and contributions	449,806	303,763			449,806	303,763
Capital grants and contributions	41,854	40,572	1,161,281	928,350	1,203,115	968,922
General Revenue:						
Property taxes	5,473,366	5,173,719			5,473,366	5,173,719
State shares revenue	2,111,693	2,088,334			2,111,693	2,088,334
Unrestricted investment income	683,245	335,370	131,697	62,441	814,942	397,811
Franchise fees	269,962	233,095			269,962	233,095
Miscellaneous	199,566	224,953	55	3,279	199,621	228,232
Loss on sale of assets	(954)	(8,830)		350	(954)	(9,480)
Total revenues	\$ 12,678,263	\$ 12,184,730	\$ 2,070,943	\$ 1,621,246	\$14,749,226	\$13,805,976
Program Expenses:						
General government	2,217,294	2,164,849			2,217,294	2,164,849
Public safety	6,096,073	5,774,792			6,096,073	5,774,792
Public works	2,167,080	1,978,439			2,167,080	1,978,439
Health and welfare	76,613	87,739			76,613	87,739
Community and economic development	507,292	485,052			507,292	485,052
Recreation and culture	186,750	141,744			186,750	141,744
Interest on long term debt	312,899	328,159	26,778	29,528	339,677	357,687
Water			761,893	711,881	761,893	711,881
Total program expenses	\$ 11,554,001	\$ 10,960,774	\$ 788,671	\$ 741,408	\$12,342,672	\$11,702,193
Increase in net assets	\$ 1,124,262	\$ 1,223,956	\$ 1,292,272	\$ 879,838	\$ 2,406,554	\$ 2,103,793
Net assets - beginning of year	<u>24,161,176</u>	<u>22,937,220</u>	<u>6,835,222</u>	<u>5,955,366</u>	<u>30,996,388</u>	<u>28,882,605</u>
Net assets - end of year	<u>\$ 25,285,458</u>	<u>\$ 24,161,176</u>	<u>\$ 8,117,494</u>	<u>\$ 6,835,222</u>	<u>\$33,402,952</u>	<u>\$30,996,398</u>

As shown in the above table total revenues were approximately \$14.7 million for the year ended December 31, 2005. Of these revenues 37% was obtained from property taxes, 29% for fees charged for services, 14% for state shared revenues and 8% for capital contributions. Capital contributions consist primarily of special assessment revenue for the construction of water lines. Total expenses were approximately \$12.3 million, of which 49% was for public safety, 18% was for general government and 18% was for public works.

#### Business Type Activities

The Township's business-type activity consists of the Water Fund. At December 31, 2005 the Township was providing water to 1,688 customers. This is compared to 1,525 customers at December 31, 2004.

During the year, the Water Fund started construction of a water main extension (located between Bogie Lake Road and the Township Hall). The total amount spent to date was \$744,530.

TOWNSHIP OF WHITE LAKE, MICHIGAN

December 31, 2005

The Township Funds

The analysis of the Township's major funds begins on page 11, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2005 include the General Fund, Fire Fund, Police Fund, Improvement Revolving Fund, Special Assessment Fund, Sewer Debt Fund, and the Pontiac Lake Sewer Debt Fund.

The General Fund is the main operating fund of the Township. Total revenues for the year were approximately \$5,118,000. Of this revenue, state-shared revenue accounted for 41% and property taxes 20% of the total revenue. Total expenditures for the year were approximately \$5,016,000. This included operating transfers of approximately \$1,167,000 to the Fire and Police Funds (to subsidize operating short-falls in those funds). At December 31, 2005 the unreserved fund balance of \$1,768,037 represented 35% of the total General Fund expenditures for the year.

The Fire Fund is used to account for fire services to Township residents. Total revenues for the year were approximately \$2,410,000. Of this revenue, property taxes accounted for 70% and General Fund transfers in accounted for 28% of the total revenues. Total expenditures for the year were approximately \$1,587,000. Of this amount 81% related to employee costs. The fund balance of \$4,502,861 is reserved for future equipment acquisitions and new personnel.

The Police Fund is used to account for police services to Township residents. Total revenues for the year were approximately \$3,592,000. Of this revenue, property taxes accounted for 76% and General Fund transfers in accounted for 14% of the total revenue. Total expenditures for the year were approximately \$3,629,000. Of this amount 89% related to employee costs. Currently, there is no fund balance reserved for future equipment acquisitions.

The Improvement Revolving Fund is used to account for money advanced for future capital and emergency needs of the Township. The fund balance of this fund at year end was approximately \$3,355,000.

The Special Assessment Fund is used to account for the solid waste and various other special assessments (lake quality, etc.) of the Township. Total revenues for the year were approximately \$1,683,000 and were primarily earned through assessments to those residents benefiting from the services being provided. The fund balance of \$607,204 is restricted for various special assessment services.

The Sewer Debt Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs associated with the construction of Township sewers. The total revenue for the year was approximately \$747,000 and was primarily earned through special assessment charges. Expenditures for the year were approximately \$643,000 and consisted of principal and interest charges on related debt. The fund balance of \$2,628,583 is restricted for future debt related expenditures. At December 31, 2005 the outstanding principal on the sewer debt was \$7,065,000.

The Pontiac Lake Sewer Debt Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs associated with the construction of the Pontiac Lake Sewers. The total revenue for the year was approximately \$652,000 and was primarily earned through special assessment charges. Expenditures for the year were approximately \$521,000 and consisted primarily of principal and interest charges on related debt. The fund balance of \$1,825,433 is restricted for future debt related expenditures. At December 31, 2005 the outstanding principal on the Pontiac Lake sewer debt was \$4,490,000.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. Building and related permit revenues were amended to reflect the increased building activity of the Township. Interest earnings were amended to reflect additional revenue due to increased interest rates.

The Clerk Department budget was amended to reflect additional payroll costs. The elections budget was amended to reflect increased activity due to the Township handling school elections. Building Department budget for payroll and professional fees was amended to reflect the increased building activity of the Township. Operating Transfers Out were amended to subsidize additional costs of the Fire Department.

Township departments overall stayed below budget, resulting in total expenditures \$102,240 below budget. This allowed the General Fund's fund balance to increase from \$2,002,969 a year ago to \$2,105,209 at December 31, 2005.



TOWNSHIP OF WHITE LAKE, MICHIGAN

December 31, 2005

Capital Asset and Debt Administration

Capital Assets

At the end of 2005, the Township had \$23,597,542 invested in a broad range of capital assets (net of accumulated depreciation), including buildings, police and fire equipment, and water and sewer lines. In addition, the Township has invested significantly in roads and related infrastructure within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Oakland County Road Commission (along with the responsibility to maintain them).

During the year 2005, the Township issued \$64,545 in general obligations bonds for the construction of the Pontiac Lake sewers. Total construction costs are expected to be approximately \$4,400,000. Construction costs incurred on this project in 2005 were \$57,091. Total construction costs incurred on this project through December 31, 2005 were \$4,373,971.

During the year, the Township's Water Fund began construction of a new water main extension. The estimated costs of this project are expected to be approximately \$874,000. Construction costs incurred on this project in 2005 were \$744,530.

Other major expenditures for capital assets during the year included the following:

1. Purchase of copiers totaling \$43,941;
2. Police Department in-car video equipment totaling \$60,270;
4. Vehicles totaling \$95,389.

Long-Term Debt

The Township's total indebtedness as of December 31, 2005 is \$11,742,349, which is below the debt limitation of \$136,642,806. Of this amount \$10,850,000 are general obligation bonds. During 2002 bonds totaling \$4,130,000 were sold through the Michigan Municipal Bond Authority for the construction of the Pontiac Lake Sewers. As of December 31, 2005, \$4,121,112 of these proceeds have been distributed to the Township. Construction is expected to be completed in 2006.

The Township maintains a "BBB" rating from Standard & Poor's. Additional information on Township long-term debt can be found in Note F.

Economic Factors and Next Year's Budgets and Rates

Revenues:

State shared revenues are expected to slightly increase compared to 2005 but still below historical levels.

Cable TV and interest income is expected to be lower than 2005.

Building department revenue is expected to be higher than 2005 levels.

Operating transfers in are expected to be lower.

Property tax rates for 2006 were reduced by approximately 0.9% to reflect "Headlee" limitations.

Expenditures:

Highway and Streets was decreased to reflect less road construction.

Election and related costs were increased because of national elections in 2006.

Capital outlay was reduced to reflect lower capital activity.

Building Department was increased to reflect additional personnel and related costs.

Senior Transportation Department was increased to reflect additional personnel and related costs.

General Fund operating transfers to the Fire Fund and Police Fund were reduced in anticipation of lower funding requirements.

Fire Fund budget was increased to reflect additional personnel and related costs.

TOWNSHIP OF WHITE LAKE, MICHIGAN

December 31, 2005

Expenditures (continued):

The 2006 General Fund budget expects a deficit of approximately \$312,000. Accordingly, the Township is planning on using some of the prior years accumulated reserves. The projected General Fund's fund balance at December 31, 2006 is \$1,793,000 which represents approximately 36% of the General Fund expenditures for the year. The Township has available approximately \$3,355,000 in the Improvement Revolving Fund to offset this deficit, as determined needed.

Request for Information

This financial report is intended to provide citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions or concerns about this report or need additional information, contact the Clerk's Office, at the Township of White Lake, 7525 Highland Road, White Lake, Michigan 48383.

## TOWNSHIP OF WHITE LAKE, MICHIGAN

## STATEMENT OF NET ASSETS

DECEMBER 31, 2005

	Governmental Activities	Business-type Activity	Total
<b>ASSETS</b>			
Cash and cash equivalents . . . . .	\$ 15,088,039	\$ 214,089	\$ 15,252,128
Receivables:			
Taxes . . . . .	3,152,149	7,802	3,159,945
Customers . . . . .		169,584	169,584
Interest . . . . .	99,497	22,600	122,097
Special assessments . . . . .	3,390,981	554,713	3,945,694
Connection fees . . . . .	9,272		9,272
Agency funds . . . . .	3,750,160		3,750,160
Other . . . . .	169,598		169,598
Due from other governments . . . . .	269,817		269,817
Internal balances . . . . .	(91,012)	91,012	
Restricted assets - cash and cash equivalents . . . . .	88,127	3,585,869	3,623,996
Capital assets, net . . . . .	19,365,851	4,231,692	23,597,543
<b>Total assets . . . . .</b>	<b>\$ 45,192,472</b>	<b>\$ 8,877,361</b>	<b>\$ 54,069,833</b>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities:			
Accounts payable and other liabilities . . . . .	\$ 505,984	\$ 294,447	\$ 800,431
Accrued wages . . . . .	99,909	4,220	104,129
Accrued interest . . . . .	72,000	6,200	78,200
Deferred revenue . . . . .	7,395,172		7,395,172
Compensated absences . . . . .	91,600		91,600
Noncurrent liabilities:			
Due within one year . . . . .	916,265	50,000	966,265
Due in more than one year . . . . .	10,826,084	405,000	11,231,084
<b>Total liabilities . . . . .</b>	<b>\$ 19,907,014</b>	<b>\$ 759,867</b>	<b>\$ 20,666,881</b>
Net assets:			
Invested in capital assets, net of related debt . . . . .	7,623,502	3,776,692	11,400,194
Restricted for:			
Debt service . . . . .	6,898,457		6,898,457
Capital projects . . . . .	14,243		14,243
Police and fire equipment . . . . .	4,502,881		4,502,881
Building permit . . . . .	288,704		
Other . . . . .	4,189,633	3,585,869	7,775,502
Unrestricted . . . . .	1,768,038	754,933	2,522,971
<b>Total net assets . . . . .</b>	<b>\$ 25,285,458</b>	<b>\$ 8,117,494</b>	<b>\$ 33,402,952</b>
<b>Total liabilities and net assets . . . . .</b>	<b>\$ 45,192,472</b>	<b>\$ 8,877,361</b>	<b>\$ 54,069,833</b>

The attached notes are an integral part of the financial statements.

## TOWNSHIP OF WHITE LAKE, MICHIGAN

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government . . . . .	\$ 2,217,294	\$ 206,960	\$ 127,124	\$
Public safety . . . . .	6,086,073	903,676	28,239	35,262
Public works . . . . .	2,167,080	2,905,090	230,234	
Health and welfare . . . . .	76,619	3,159	64,209	
Community and economic development . . . . .	507,292	23,984		
Recreation and culture . . . . .	186,750	12,887		6,592
Interest on long term debt . . . . .	312,899			
Total governmental activities . . . . .	\$ 11,554,001	\$ 3,455,756	\$ 449,806	\$ 41,854
Business-type activity:				
Water . . . . .	\$ 789,672	\$ 777,930	\$	\$ 1,161,261
Total primary government . . . . .	\$ 12,342,674	\$ 4,233,687	\$ 449,806	\$ 1,203,115

## General revenues:

Property taxes . . . . .	
State shared revenues . . . . .	
Unrestricted investment income . . . . .	
Franchise fees . . . . .	
Miscellaneous . . . . .	
Special item - sale of fixed assets . . . . .	

Total general revenues and special items . . . . .

Changes in net assets . . . . .

Net assets - January 1, 2005 . . . . .

Net assets - December 31, 2005 . . . . .

The attached notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activity	Total
\$ (1,883,210)	\$	\$ (1,883,210)
(5,118,896)		(5,118,896)
368,243		368,243
(9,245)		(9,245)
(483,308)		(483,308)
(167,270)		(167,270)
(312,899)		(312,899)
<u>\$ (7,606,585)</u>	<u>\$</u>	<u>\$ (7,606,585)</u>
<u>\$</u>	<u>\$ 1,150,519</u>	<u>\$ 1,150,519</u>
\$ (7,606,585)	\$ 1,150,519	\$ (6,456,066)
5,473,366		5,473,366
2,111,683		2,111,683
683,245	131,697	814,942
263,962		263,962
199,566	55	199,621
(954)		(954)
<u>\$ 8,730,867</u>	<u>\$ 131,752</u>	<u>\$ 8,862,620</u>
\$ 1,124,282	\$ 1,282,272	\$ 2,406,554
24,161,176	6,835,222	30,996,398
<u>\$ 25,285,458</u>	<u>\$ 8,117,494</u>	<u>\$ 33,402,952</u>

The attached notes are an integral part of the financial statements.

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BALANCE SHEET  
GOVERNMENTAL FUNDS

DECEMBER 31, 2005

	General	Fire Fund	Police Fund	Improvement Revolving Fund
<b>ASSETS</b>				
Cash and cash equivalents . . . . .	\$ 1,633,284	\$ 4,555,411	\$ 96,869	\$ 3,345,578
Receivables:				
Taxes . . . . .	602,039	975,807	1,574,297	
Interest . . . . .	17,818			9,584
Special assessments . . . . .				
Connection fees . . . . .				
Other . . . . .	158,782	10,816		
Due from other funds . . . . .	989,869	847,902	1,402,755	
Due from other governments . . . . .	208,741		7,521	
Restricted assets - cash and cash equivalents . . . . .			38,127	
<b>Total assets . . . . .</b>	<b>\$ 3,610,027</b>	<b>\$ 6,389,936</b>	<b>\$ 3,119,368</b>	<b>\$ 3,355,162</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and other liabilities . . . . .	\$ 192,456	\$ 45,027	\$ 127,962	\$
Accrued salaries and wages . . . . .	32,433	18,319	49,157	
Deferred revenue . . . . .	1,130,679	1,823,709	2,942,249	
Due to other funds . . . . .	50,914			
Advance from other funds . . . . .	98,343			
<b>Total liabilities . . . . .</b>	<b>\$ 1,504,819</b>	<b>\$ 1,887,054</b>	<b>\$ 3,119,368</b>	<b>\$</b>
Fund balances:				
Reserved for:				
Debt service . . . . .				
Building permit . . . . .	288,704			
Other . . . . .	48,468	4,502,881	-	
Unreserved, reported in:				
General Fund . . . . .	1,768,037			
Special Revenue Funds . . . . .				3,355,162
Capital Project Funds . . . . .				
<b>Total fund balances . . . . .</b>	<b>\$ 2,105,209</b>	<b>\$ 4,502,881</b>	<b>\$ -</b>	<b>\$ 3,355,162</b>
<b>Total liabilities and fund balances . . . . .</b>	<b>\$ 3,610,027</b>	<b>\$ 6,389,936</b>	<b>\$ 3,119,368</b>	<b>\$ 3,355,162</b>

The attached notes are an integral part of the financial statements.

Special Assessment Fund	Sewer Debt Fund	Pontiac Lake Sewer Debt Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 792,967	\$ 2,740,226	\$ 1,837,429	\$ 536,475	\$ 15,038,039
				3,152,143
2,000	-	70,600		99,497
813,825		2,557,406	20,250	3,390,981
	9,272			9,272
				169,598
756,772	57,372	371,971	21,000	4,447,638
			53,555	269,817
				39,127
<u>\$ 2,365,062</u>	<u>\$ 2,806,870</u>	<u>\$ 4,337,406</u>	<u>\$ 631,280</u>	<u>\$ 26,615,112</u>
\$ 106,092	\$ 11,400	\$	\$ 29,047	\$ 505,984
				99,909
1,545,682	6,916	2,505,058		9,954,287
106,085	159,971	6,915	366,263	690,148
				98,348
<u>\$ 1,757,859</u>	<u>\$ 178,286</u>	<u>\$ 2,511,973</u>	<u>\$ 389,310</u>	<u>\$ 11,348,671</u>
	2,628,583	1,825,433	4,467	4,458,489
				288,704
				4,551,349
				1,768,037
607,204			223,260	4,185,626
			14,243	14,243
<u>\$ 607,204</u>	<u>\$ 2,628,583</u>	<u>\$ 1,825,433</u>	<u>\$ 241,970</u>	<u>\$ 15,266,441</u>
<u>\$ 2,365,062</u>	<u>\$ 2,806,870</u>	<u>\$ 4,337,406</u>	<u>\$ 631,280</u>	<u>\$ 26,615,112</u>

The attached notes are an integral part of the financial statements.

TOWNSHIP OF WHITE LAKE, MICHIGAN

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

DECEMBER 31, 2005

Total governmental fund balances. . . . . \$ 15,266,441

Amounts reported for governmental activities in the  
statement of net assets are different because:

Capital assets used in governmental activities are not financial  
resources, and are not reported in the governmental funds:

Governmental capital assets . . . . .	\$ 23,709,966	
Less accumulated depreciation . . . . .	(4,344,115)	19,365,851

Special assessments are expected to be collected over several years, and are not available to pay for current year expenditures. . . . .	2,559,115
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Long-term liabilities, including compensated absences, are not due and payable in the current period and are not reported in the funds including related accrued interest. . . . .	(11,905,949)
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Net assets of governmental activities . . . . .	<u>\$ 25,285,458</u>
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JANZ & KNIGHT, P.L.C. - CERTIFIED PUBLIC ACCOUNTANTS

The attached notes are an integral part of the financial statements.



## TOWNSHIP OF WHITE LAKE, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2005

	General	Fire Fund	Police Fund	Improvement Revolving Fund
Revenues:				
Taxes . . . . .	\$ 1,030,378	\$ 1,700,174	\$ 2,742,813	\$
Licenses and permits . . . . .	885,247			
Federal sources . . . . .		8,954	35,262	
State sources . . . . .	2,190,127		19,285	
Charges for services . . . . .	239,307		33,737	
Fines and forfeitures . . . . .	375		138,357	
Interest and rents . . . . .	301,468	13,664	23,000	96,002
Other . . . . .	381,547	11,904	85,077	
Total revenues . . . . .	\$ 5,026,449	\$ 1,734,696	\$ 3,077,533	\$ 96,002
Expenditures:				
Current:				
General government . . . . .	1,865,381			84
Public safety . . . . .	635,546	1,582,475	3,436,402	
Public works . . . . .	318,671			
Health and welfare . . . . .	67,949			
Community and economic development . . . . .	495,150			
Recreation and culture . . . . .	151,016			
Other . . . . .	11,016			
Capital outlay . . . . .	308,821	4,519	192,839	
Debt service:				
Principal payments . . . . .				
Interest and fiscal charges . . . . .				
Total expenditures . . . . .	\$ 3,848,531	\$ 1,586,994	\$ 3,629,242	\$ 84
Excess of revenues over (under) expenditures . . . . .	\$ 1,179,919	\$ 147,702	\$ (551,709)	\$ 95,918
Other financing sources (uses):				
Proceeds from sale of bonds . . . . .				
Capitalized leases . . . . .	37,349			
Operating transfers in . . . . .	52,293	674,928	514,536	
Operating transfers out . . . . .	(1,167,321)			
Total other financing sources (uses) . . . . .	\$ (1,077,679)	\$ 674,928	\$ 514,536	\$
Excess of revenues and other sources over (under) expenditures and other uses . . . . .	\$ 102,240	\$ 822,629	\$ (37,179)	\$ 95,918
Fund balance - January 1, 2005 . . . . .	2,002,969	3,680,252	37,173	3,259,244
Fund balance - December 31, 2005 . . . . .	\$ 2,105,209	\$ 4,502,881	\$	\$ 3,355,162

The attached notes are an integral part of the financial statements.

Special Assessment Fund	Sewer Debt Fund	Pontiac Lake Sewer Debt Fund	Non-Major Governmental Funds	Total Governmental Funds
\$	\$	\$	\$	\$ 5,473,366
				885,247
			99,092	149,308
				2,209,412
	472,015	30,618	225,304	1,000,981
			1,856	140,588
41,829	74,869	137,033	14,447	702,311
1,641,344	81,937	483,857	20,250	2,705,816
\$ 1,683,173	\$ 628,821	\$ 651,507	\$ 360,949	\$ 13,261,129
			92,500	1,957,945
			5,761	5,660,185
1,592,699			66,983	1,978,352
				67,949
				495,150
				151,016
				11,016
			63,683	564,863
	460,000	280,000	140,000	880,000
	183,384	123,085	11,430	317,899
\$ 1,592,699	\$ 643,384	\$ 403,085	\$ 380,357	\$ 12,084,375
\$ 90,474	\$ (14,563)	\$ 248,422	\$ (19,408)	\$ 1,176,754
			64,545	64,545
				37,349
	117,936			1,359,693
		(117,936)	(74,436)	(1,359,693)
\$	\$ 117,936	\$ (117,936)	\$ (9,891)	\$ 101,894
\$ 90,474	\$ 103,373	\$ 130,486	\$ (29,299)	\$ 1,276,648
516,730	2,525,210	1,694,947	271,269	13,987,794
\$ 607,204	\$ 2,628,583	\$ 1,825,433	\$ 241,970	\$ 15,266,441

The attached notes are an integral part of the financial statements.

TOWNSHIP OF WHITE LAKE, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2005

Net change in fund balances - total governmental fund . . . . .	\$ 1,278,648
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Expenditures for capital assets . . . . .	\$ 366,093
Less current year depreciation . . . . .	(699,820)
	(333,727)
Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end . . . . .	
	(560,526)
Bond issuance is not reported as financing sources on the statement of activities . . . . .	
	(64,545)
Capitalized lease is not reported as financing sources on the statement of activities . . . . .	
	(37,349)
Accrued interest is recorded in the statement of activities . . . . .	
	5,000
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) . . . . .	
	880,000
Increase in accumulated employee sick pay are recorded when earned in the statement of activities . . . . .	
	(20,900)
Governmental funds report proceeds from sale; in the statement of activities, only the respective gain or loss is recognized . . . .	
	(22,319)
Change in net assets of governmental activities . . . . .	<u>\$ 1,124,282</u>

The attached notes are an integral part of the financial statements.

## TOWNSHIP OF WHITE LAKE, MICHIGAN

STATEMENT OF NET ASSETS  
PROPRIETARY FUND TYPE - ENTERPRISE FUND

December 31, 2005

	Business-type Activity Water Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents . . . . .	\$ 214,089
Receivables:	
Taxes . . . . .	7,802
Customers . . . . .	169,584
Special assessments . . . . .	61,517
Interest . . . . .	22,600
Due from other funds . . . . .	6,369
Total current assets . . . . .	\$ 481,962
Noncurrent assets:	
Restricted assets - cash and cash equivalents . . . . .	3,585,869
Advances to other funds . . . . .	98,343
Receivable - special assessment . . . . .	493,196
Capital assets, net . . . . .	4,231,692
Total noncurrent assets . . . . .	\$ 8,409,100
Total assets . . . . .	\$ 8,891,062
<b>LIABILITIES AND NET ASSETS</b>	
Current liabilities:	
Accounts payable and other liabilities . . . . .	\$ 294,447
Accrued wages . . . . .	4,220
Accrued interest . . . . .	6,200
Due to other funds . . . . .	13,700
Current portion of long term debt . . . . .	50,000
Total current liabilities . . . . .	\$ 368,566
Noncurrent liabilities:	
Bond payable . . . . .	405,000
Total liabilities . . . . .	\$ 773,566
Net assets:	
Invested in capital assets, net of related debt . . . . .	3,776,692
Restricted for:	
Other purposes . . . . .	3,585,869
Unrestricted . . . . .	754,933
Total net assets . . . . .	\$ 8,117,494
Total liabilities and net assets . . . . .	\$ 8,891,062

The attached notes are an integral part of the financial statements.

## TOWNSHIP OF WHITE LAKE, MICHIGAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUND TYPE - ENTERPRISE FUND

For the year ended December 31, 2005

	Business-type Activity Water Fund
Operating revenue:	
Water sales . . . . .	\$ 724,199
Meters . . . . .	37,251
Penalties . . . . .	5,506
Miscellaneous . . . . .	10,975
Total operating revenue . . . . .	\$ 777,930
Operating expenses:	
Salaries . . . . .	225,200
Social security . . . . .	17,165
Employee insurance . . . . .	66,705
Pension . . . . .	19,210
Office supplies and expenses . . . . .	836
Operating supplies . . . . .	59,260
Chemicals . . . . .	32,067
Water testing . . . . .	1,206
Professional fees . . . . .	10,131
Communications . . . . .	2,107
Transportation expense and repairs . . . . .	6,800
General insurance . . . . .	53,949
Utilities . . . . .	50,324
Repairs and maintenance . . . . .	66,948
Dues and subscriptions . . . . .	4,330
Training . . . . .	5,073
Miscellaneous . . . . .	4,830
Depreciation and amortization . . . . .	141,759
Total operating expenses . . . . .	\$ 761,695
Operating income (loss) . . . . .	\$ 16,036
Nonoperating revenues (expenses):	
Privilege fees . . . . .	143,800
Capital surcharges . . . . .	389,210
Special assessments . . . . .	634,251
Interest income . . . . .	131,697
Miscellaneous income . . . . .	55
Interest expense . . . . .	(26,778)
Total nonoperating revenues (expenses) . . . . .	\$ 1,266,236
Change in net assets . . . . .	\$ 1,282,272
Net assets - January 1, 2005 . . . . .	6,835,222
Net assets - December 31, 2005 . . . . .	\$ 8,117,494

The attached notes are an integral part of the financial statements.

TOWNSHIP OF WHITE LAKE, MICHIGAN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE - ENTERPRISE FUND

For the year ended December 31, 2005

	Business-type Activity Water Fund
Cash flows from operating activities:	
Receipts from customers . . . . .	\$ 748,956
Payments to suppliers . . . . .	(247,979)
Payments to employees . . . . .	(222,779)
Net cash provided by operating activities . . . . .	\$ 278,798
Cash flows from capital and related financing activities:	
Purchase of capital assets . . . . .	(830,034)
Principal paid on capital debt . . . . .	(50,000)
Interest paid on capital debt . . . . .	(27,478)
Privilege fees . . . . .	143,800
Capital surcharges . . . . .	383,210
Special assessments . . . . .	256,916
Miscellaneous income . . . . .	55
Net cash provided (used) by capital and related financing activities . . . . .	\$ (124,131)
Cash flows from investing activities:	
Interest income . . . . .	126,197
Net increase in cash and cash equivalents . . . . .	\$ 280,864
Cash and cash equivalents - January 1, 2005 . . . . .	3,519,094
Cash and cash equivalents - December 31, 2005 . . . . .	\$ 3,799,958
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income . . . . .	\$ 16,036
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization . . . . .	141,753
Changes in assets and liabilities:	
(Increase) decrease in receivables . . . . .	(28,975)
(Increase) decrease in due from other funds . . . . .	15,027
Increase (decrease) in accounts payable and other liabilities . . . . .	266,107
Increase (decrease) in accrued wages . . . . .	2,421
Increase (decrease) in due to other funds . . . . .	(139,571)
Net cash provided by operating activities . . . . .	\$ 278,798

The attached notes are an integral part of the financial statements.

TOWNSHIP OF WHITE LAKE, MICHIGAN  
STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS

DECEMBER 31, 2005

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents . . . . .	\$ 4,928,198
Total assets. . . . .	<u>\$ 4,928,198</u>
<b>LIABILITIES</b>	
Accounts payable and other liabilities. . . . .	\$ 930,226
Due to other funds. . . . .	3,750,160
Due to other governments. . . . .	231,158
Due to others . . . . .	<u>16,654</u>
Total liabilities . . . . .	<u>\$ 4,928,198</u>

The attached notes are an integral part of the financial statements.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE A - Summary of Significant Accounting Policies

The accounting policies of the Township of White Lake conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township of White Lake.

Reporting Entity

The Township of White Lake is governed by an elected seven-member Board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

Blended Component Units

A blended component unit is a legally separate entity from the Township of White Lake, but is so intertwined with the unit that it is, in substance, the same as the Township of White Lake. It is reported as part of the Township of White Lake and blended into the appropriate fund types and account groups.

Building Authority - The Township of White Lake Building Authority is governed by a board appointed by the Township of White Lake's township board. Although it is legally separate from the Township of White Lake, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the Township of White Lake's public buildings.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual--that is, when they become both measurable and available to finance expenditures of the period. Property taxes, state-shared revenue, interest, reimbursement grants, and charges for services are considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.



TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE A - Summary of Significant Accounting Policies (continued)

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Governmental Funds:

The Township reports the following major governmental funds:

General Fund

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fire Fund

The Fire Fund is a special revenue fund used to account for fire protection within the Township.

Police Fund

The Police Fund is a special revenue fund used to account for police protection within the Township.

Improvement Revolving Fund

The Improvement Revolving Fund is a special revenue fund used to account for money advanced from the General Fund in accordance with statutory provisions.

Special Assessment Fund

The Special Assessment Fund is a special revenue fund used to account for the collection and disposal of Township solid waste and various special assessments collected on behalf of others.

Sewer Debt Fund

The Sewer Debt Fund is a debt service fund used to account for accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs associated with the construction of Township sewers.

Pontiac Lake Sewer Debt Fund

The Pontiac Lake Sewer Debt Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs associated with the construction of sewers for those residents of the Pontiac Lake assessment.

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE A - Summary of Significant Accounting Policies (continued)

Additionally, the Township reports the following fund types:

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust funds).

Proprietary Fund

The Township reports the following major proprietary fund:

Water Fund

The Water Fund accounts for the operation, maintenance and distribution of the water system.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water Fund relates to charges to customers for sales and services. The water fund also recognized the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Fiduciary Funds

Agency Funds

Agency Funds are used to account for assets held by the Township as an agent for individuals, private organizations, other governments and/or other funds. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Property Taxes

The Township of White Lake property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township of White Lake as of the preceding December 31st.

The Township is a Charter Township with a calendar year (December 31) fiscal period. Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These property taxes are billed on December 1 of the following year. Property taxes are billed on December 1 and are recognized as revenues for the subsequent year beginning January 1. These taxes are due on February 14 with the final collection date of February 28. Delinquent real property taxes are purchased by Oakland County from the Township, and accordingly are recognized as revenue in the current year. Delinquent personal property taxes are not recorded as taxes receivable, revenues are recognized when received.

The 2005 taxable valuation of the Township of White Lake total \$1,097,604,910, on which ad valorem taxes levied consisted of 1.0069 mills for the Township of White Lake operation purposes, 1.66787 mills for fire, 2.69083 mills for police, raising \$1,095,109 for operating, \$1,813,984 for fire, and \$2,926,560 for police. These amounts are recognized in the respective General and Special Revenue Fund financial statements as taxes receivable.

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE A - Summary of Significant Accounting Policies (continued)

Assets, Liabilities, and Net Assets or Equity

Cash and Investments

Deposits are carried at cost and consist of cash on hand, checking accounts, and investments in short-term investments, generally pooled investment funds. The carrying value of deposits, which includes certificates of deposit with an original maturity of three months or less, is separately displayed on the balance sheet as "cash and cash equivalents".

For purposes of the Statement of Cash Flows, the Township considered cash deposits and certificates of deposits with a maturity of three months or less when purchased to be cash equivalents.

Interfund Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds" on the balance sheet. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Receivables

All trade and property tax receivables are considered fully collectible by the Township. No provision has been made in the financial statements for noncollection. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Prepaid Items

Certain payments to vendors reflect costs applicable to future years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain revenues of the enterprise funds require amounts to be set aside for debt service principal and interest, operations and maintenance, and improvements and replacement of the water system. According to grant provisions of the Police Fund the amount received is to be set aside for police equipment. These amounts have been classified as restricted assets.

Capital Assets

Capital assets, which include land, land improvements, buildings, building improvements, vehicles, machinery, equipment and infrastructure are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets.

Capital assets that are being depreciated are reported net of accumulated depreciation in the statement of net assets. Capital assets that are not being depreciated, such as land, are reported separately.

Capital assets are depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities by allocating the net cost over the estimated useful life of the assets. Assets are depreciated on an individual basis for equipment and buildings.

Depreciation of all exhaustible fixed assets used by proprietary fund types is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund type balance sheets. Depreciation has been provided over the estimated useful lives.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Water System	50
Buildings and Improvements	5-50
Vehicles	5-12
Furniture and Equipment	5-20
(Police, Fire, Office)	
Sewer System	50

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE A - Summary of Significant Accounting Policies (continued)

Compensated Absences (Sick Leave)

Sick pay earned is recognized in the governmental financial statements when they are paid. The long-term portion of compensated absences related to governmental funds is a liability recorded in the Statement of Net Assets.

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Assets. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and net of any deferred charges on bond refundings. Issuance costs are reported as deferred charges.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance present tentative management plans that are subject to change.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

NOTE B - Expenditures Over Budget

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General and Special Revenue Funds. All annual appropriations lapse at year end. The Township's appropriation resolution is generally passed during the November preceding the year in which the planned expenditures relate. Subsequent amendments are made to avoid unfavorable variances from the original budget. Related resolutions are made to state the purpose and amount of the changes. The Township Supervisor has the responsibility to enforce the budget. Unused appropriations do not carry forward to the next year.

The budget document presents information by fund, function, department and line items. The legal level (the level at which expenditures may not legally exceed appropriations) of budgetary control adopted by the board is at the department (activity) level.

The Township board must approve budget amendments at the activity level and supplemental appropriations, which affect total fund expenditures. The Supervisor can transfer appropriations between line items within a department or activity without governing body approval.

Supplemental appropriations were necessary during the year, which increased total expenditures.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

P.A. 2 of 1968 as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated in budget resolutions of the governing body.

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE B - Expenditures Over Budget (continued)

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Township of White Lake incurred expenditures in certain budgeted funds which were significantly in excess of the amounts appropriated, as follows:

Fund	Activity	Budget Appropriation	Actual Expenditure	Budget Variance
General	Legal fees	\$ 90,000	\$ 100,134	\$ 10,134
General	Highway and streets	201,000	288,575	87,575
General	Capital outlay - Township Buildings	222,000	274,288	52,288
Fire	Operating supplies	39,800	49,387	9,587
Fire	Professional fees	8,500	13,816	5,316
Fire	Vehicle maintenance and expense	47,170	57,340	10,170
Fire	General insurance	60,025	73,297	13,272
Police	Salaries	2,160,775	2,215,889	55,114
Police	Social security	161,743	166,816	5,073
Police	Pension	125,345	158,905	33,560
Police	Professional fees	95,500	107,659	12,159
Police	Data processing	16,000	21,413	5,413
Police	Vehicle maintenance and expense	69,400	76,616	7,216
Police	General insurance	68,025	75,704	7,679
Police	Capital outlay	100,000	192,839	92,839
Special Assessment	Other	204,445	295,746	91,301
Drug Forfeiture	Public safety	-	5,761	5,761
Drug Forfeiture	Operating transfers out	5,000	22,143	17,143
CDBG	Public services	26,502	44,164	17,662
CDBG	Minor home repair	37,500	48,336	10,836
Sewer Maintenance	Professional fees	20,500	37,435	16,935

NOTE C - Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated six banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all of the State statutory authorities as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$268,202 of bank deposits (certificates of deposit, checking, and savings accounts) that were insured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE C - Deposits and Investments (continued)

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial credit risk. At year end, the Township had no investment securities that were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Interlocal agreement fund	\$9,527,570	31 days

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Bank investment pools	\$13,676,576		Not rated
Interlocal agreement fund - MBIA	688,103		Not rated
Interlocal agreement fund - LGIP	9,527,570		Not rated

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE D - Capital Assets

Capital asset activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 1,267,944	\$	\$	\$ 1,267,944
Construction in Progress	<u>4,316,880</u>	<u>57,091</u>		<u>4,373,971</u>
Subtotal	<u>\$ 5,584,824</u>	<u>\$ 57,091</u>	<u>\$</u>	<u>\$ 5,641,915</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	\$ 4,159,977	\$ 76,940	\$	\$ 4,236,917
Vehicles	3,081,890	95,389	59,395	3,117,884
Furniture and Equipment	1,148,968	136,673	8,790	1,276,851
Sewer System	<u>9,436,399</u>			<u>9,436,399</u>
Subtotal	<u>\$17,827,234</u>	<u>\$ 309,002</u>	<u>\$ 68,185</u>	<u>\$18,068,051</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 979,162	\$ 119,027	\$	\$ 1,098,189
Vehicles	1,637,854	309,316	37,076	1,910,094
Furniture and Equipment	585,598	82,749	8,790	659,557
Sewer System	<u>487,547</u>	<u>188,728</u>		<u>676,275</u>
Subtotal	<u>\$ 3,690,161</u>	<u>\$ 699,820</u>	<u>\$ 45,866</u>	<u>\$ 4,344,115</u>
Net Capital Assets Being Depreciated	<u>\$14,137,073</u>	<u>\$ (390,818)</u>	<u>\$ 22,319</u>	<u>\$13,723,936</u>
Governmental Activities Total Capital Assets--Net of Depreciation	<u>\$19,721,897</u>	<u>\$ (333,727)</u>	<u>\$ 22,319</u>	<u>\$19,365,851</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 253,080	\$	\$	\$ 253,080
Construction In Progress		<u>744,530</u>		<u>744,530</u>
Subtotal	<u>\$ 253,080</u>	<u>\$ 744,530</u>	<u>\$</u>	<u>\$ 997,610</u>
Capital Assets Being Depreciated:				
Water System	\$ 7,710,824	\$ 85,505	\$	\$ 7,796,329
Machinery and Equipment	<u>119,530</u>			<u>119,530</u>
Subtotal	<u>\$ 7,830,354</u>	<u>\$ 85,505</u>	<u>\$</u>	<u>\$ 7,915,859</u>
Less Accumulated Depreciation for:				
Water System	\$ 4,477,425	\$ 125,627	\$	\$ 4,603,052
Machinery and Equipment	<u>62,599</u>	<u>16,126</u>		<u>78,725</u>
Subtotal	<u>\$ 4,540,024</u>	<u>\$ 141,753</u>	<u>\$</u>	<u>\$ 4,681,777</u>
Net Capital Assets Being Depreciated	<u>\$ 3,290,330</u>	<u>\$ (56,248)</u>	<u>\$</u>	<u>\$ 3,234,082</u>
Business-Type Activities Total Capital Assets--Net of Depreciation	<u>\$ 3,543,410</u>	<u>\$ 688,282</u>	<u>\$</u>	<u>\$ 4,231,692</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE D - Capital Assets (continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 82,437
Public Safety	378,565
Public Works	188,728
Economic Development	6,782
Recreation and Culture	34,644
Health and Welfare	<u>8,664</u>
Total Governmental Activities	<u>\$699,820</u>
Business-Type Activities:	
Water	<u>\$141,753</u>

Construction Commitments

The government has active construction projects at year-end. At year-end the government's commitments with these contracts are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Sewer Project	\$ <u>4,373,971</u>	\$ <u>10,000</u>
Water Line Extension	\$ <u>744,530</u>	\$ <u>130,000</u>

NOTE E - Interfund Receivables, Payables and Transfers

Generally, outstanding balances between funds reported as "due to/from and other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."



TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

**NOTE E - Interfund Receivables, Payables and Transfers (continued)**

The following are the interfund receivables at December 31, 2005:

Fund Due To	Fund Due From	Amount
General Fund	Enterprise Fund	\$ 13,700
	Tax Collection Fund	552,567
	Trust and Agency Fund	168,112
	Special Assessment Fund	106,085
	Community Development Block Grant	44,667
	Pontiac Lake Sewer Debt	6,915
	Pontiac Lake Sewer Construction	8,095
	Sewer Maintenance	<u>89,728</u>
	Total General Fund	\$ 989,869
Special Revenue Funds:		
Fire Fund	Tax Collection Fund	847,902
Police Fund	Tax Collection Fund	1,367,952
Police Fund	Trust and Agency Fund	8,887
Police Fund	Drug Forfeiture Fund	25,915
Special Assessment Fund	Tax Collection Fund	<u>756,772</u>
	Total Special Revenue Fund	\$3,007,428
Debt Service Funds:		
Sewer Debt	Tax Collection Fund	6,458
Sewer Debt	General Fund	50,914
Pontiac Lake Sewer Debt	Sewer Debt	138,971
Pontiac Lake Sewer Debt	Tax Collection Fund	35,141
Pontiac Lake Sewer Debt	Pontiac Lake Sewer Construction	<u>197,858</u>
	Total Debt Service Fund	\$ 429,342
Enterprise Fund	Tax Collection Fund	6,369
Construction Fund:		
Pontiac Lake Sewer Construction	Sewer Debt Fund	<u>21,000</u>
	Total interfund receivable	<u>\$4,454,008</u>

These balances resulted from the time lag between the date that (1) Interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers

	Transfers (Out)				
	Pontiac Lake Sewer Debt	Drug Forfeiture	General Fund	Sewer Maintenance	Total
Transfers in					
General Fund	\$	\$	\$	\$ 52,293	\$ 52,293
Fire Fund			674,928		674,928
Police Fund		22,143	492,393		514,536
Sewer Debt	<u>117,936</u>				<u>117,936</u>
Total	<u>\$ 117,936</u>	<u>\$ 22,143</u>	<u>\$ 1,167,321</u>	<u>\$ 52,293</u>	<u>\$1,359,693</u>

Transfers of unrestricted revenues collected in the General Fund to finance Police and Fire Funds in accordance with budgetary authorizations.

Transfers of restricted revenues collected in the Drug Forfeiture fund were used to assist the Police Fund in purchasing qualifying expenditures.

Transfers of restricted revenues collected in the Sewer Maintenance Fund were used to reimburse the General Fund for qualifying expenditures.

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE E - Interfund Receivables, Payables and Transfers (continued)

Advances

<u>Advance to (1)</u>	<u>Advance From Water Fund</u>
General Fund	\$ <u>98,343</u>

(1) This balance is not expected to be repaid within one year. This advance represents the portion assessed to the General Fund for construction of water lines at Township properties.

NOTE F - Lease Commitments and Long-Term Debt

The following is a summary of general long-term debt of the Township for the year ended December 31, 2005:

	<u>Building Authority Bonds</u>	<u>Special Assessment Bonds</u>	<u>General Obligation Bonds</u>	<u>Capital Lease Obligations</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance at January 1, 2005	\$ 290,000	\$ 810,000	\$11,420,455	\$	\$ 70,700	\$12,591,155
Debt issued			64,545	37,349		101,894
Increase in obligation for compensated absences					20,900	20,900
Principal retirements	<u>(140,000)</u>	<u>(105,000)</u>	<u>(635,000)</u>			<u>(880,000)</u>
Balance at December 31, 2005	<u>\$ 150,000</u>	<u>\$ 705,000</u>	<u>\$10,850,000</u>	<u>\$ 37,349</u>	<u>\$ 91,600</u>	<u>\$11,833,949</u>

The following is a summary of long-term debt for the enterprise fund:

	<u>Revenue Bonds</u>
Balance at January 1, 2005	\$505,000
Principal retirements	<u>(50,000)</u>
Balance at December 31, 2005	<u>\$455,000</u>

Building Authority Bonds:

On April 27, 2000 the Building Authority issued \$725,000 of bonds for Library building improvements. These bonds will be financed by charges to the White Lake Township Library. The bonds interest rate varies from 4.5% to 5.1%. Schedule of required interest and principal payments is as follows:

	<u>Annual Interest</u>	<u>Annual Principal</u>
2006	<u>\$ 3,8255</u>	<u>\$ 150,000</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE F - Lease Commitments and ong-Term Debt (continued)

Special Assessment Bonds:

On September 1, 2003 special assessment bonds in the amount of \$890,000 were sold for the Pontiac Lake Sewer. These bonds will be financed by special assessments to certain property owners. The bonds interest rate varies from 3.05% to 5.0%. Schedule of required interest and principal payments is as follows:

	<u>Annual Interest</u>	<u>Annual Principal</u>
2006	\$ 23,753	\$ 105,000
2007	20,550	100,000
2008	17,450	100,000
2009	14,150	100,000
2010	11,050	100,000
2011	7,600	100,000
2012	<u>3,900</u>	<u>100,000</u>
	<u>\$ 98,453</u>	<u>\$ 705,000</u>

General Obligations Bonds:

On July 1, 1995 the Township sold \$725,000 Sewage Disposal System Bonds. These bonds are part of the financing for the sewer system project. The bonds bear interest at a rate of 4.8% to 6.0%. Schedule of required principal and interest payments is as follows:

	<u>Annual Interest</u>	<u>Annual Principal</u>
2006	\$ 29,137	\$ 35,000
2007	27,291	35,000
2008	25,255	40,000
2009	23,035	40,000
2010	20,633	45,000
2011	17,900	50,000
2012	14,975	50,000
2013	12,000	50,000
2014	8,850	55,000
2015	5,400	60,000
2016	<u>1,800</u>	<u>60,000</u>
	<u>\$186,276</u>	<u>\$ 520,000</u>

In 1996, 1997 and 1998 the Township sold \$9,350,000 sewage disposal bonds through the State of Michigan Revolving Fund. These bonds are part of the financing for the sewer system project. The bonds bear interest at a rate of 2.25%. Schedule of required principal and interest payments is as follows:

	<u>Annual Interest</u>	<u>Annual Principal</u>
2006	\$ 142,312	\$ 440,000
2007	132,300	450,000
2008	122,119	455,000
2009	111,713	470,000
2010	101,025	480,000
2011	90,112	490,000
2012	78,975	500,000
2013	67,556	515,000
2014	55,856	525,000
2015	43,931	535,000
2016	31,725	550,000
2017	19,238	560,000
2018	<u>6,469</u>	<u>575,000</u>
	<u>\$1,003,331</u>	<u>\$6,545,000</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

**NOTE F - Lease Commitments and Long-Term Debt (continued)**

On September 26, 2002 the Township sold \$4,130,000 Pontiac Lake Sanitary Sewer System bonds through the Michigan Municipal Bond Authority. As of December 31, 2005 \$4,121,112 of these proceeds have been distributed to the Township. These bonds are financed by special assessments to certain property owners. The bonds bear interest at a rate of 2.50%. The repayment schedule on the outstanding amount distributed is as follows:

	<u>Annual Interest</u>	<u>Annual Principal</u>
2006	\$ 92,316	\$ 180,000
2007	87,813	185,000
2008	83,125	190,000
2009	78,313	195,000
2010	73,375	200,000
2011	68,312	205,000
2012	63,125	210,000
2013	57,812	215,000
2014	52,375	220,000
2015	46,813	225,000
2016	41,062	235,000
2017	35,125	240,000
2018	29,063	245,000
2019	22,875	250,000
2020	16,563	255,000
2021	10,062	265,000
2022	<u>3,375</u>	<u>270,000</u>
	<u>\$ 861,504</u>	<u>\$3,785,000</u>

**Capital Lease Obligations:**

On December 1, 2005 the Township entered into a lease agreement acquiring three copiers in the General Fund at a cost of \$37,349. The agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date on the Statement of Net Assets. The assets are depreciated over the useful life. Depreciation of these assets is included in depreciation expense on the Statement of Activities. The amount of accumulated depreciation on property held under capital leases at December 31, 2005 was \$622. Schedule of required interest and principal payments is as follows:

	<u>Annual Interest</u>	<u>Annual Principal</u>
2006	\$ 2,924	\$ 6,265
2007	2,372	6,817
2008	1,772	7,417
2009	1,119	8,070
2010	<u>406</u>	<u>8,780</u>
	<u>\$ 8,595</u>	<u>\$ 37,349</u>

**Compensated Absences:**

Compensated absences reflected in the general long-term debt of \$91,600 represents the estimated liability to be paid to police department employees under the Township's sick pay policy. Upon meeting all requirements for full retirement, an employee will be entitled to fifty percent (50%) with a 100 day cap (maximum payment of 50 days) of his/her sick day bank. Upon favorable separation, with a minimum of ten (10) years of service, an employee is entitled to thirty percent (30%) payout with a 100 day cap (maximum payment of 30 days).

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE F - Lease Commitments and Long-Term Debt (continued)

Enterprise Fund:

On February 2, 2000 special assessment bonds in the amount of \$705,000 were sold for the Fisk Road water main. These bonds will be financed by special assessments to certain property owners. The bonds interest rate varies from 5.0% to 6.0%. Schedule of required interest and principal payments is as follows:

	<u>Annual Interest</u>	<u>Annual Principal</u>
2006	\$ 24,977	\$ 50,000
2007	22,428	50,000
2008	19,827	50,000
2009	17,178	45,000
2010	14,747	45,000
2011	12,273	45,000
2012	9,753	45,000
2013	7,187	45,000
2014	4,600	40,000
2015	<u>2,300</u>	<u>40,000</u>
	<u>\$135,270</u>	<u>\$ 455,000</u>

Summary of Long-Term Debt Requirements:

The amounts necessary to amortize the debt described above for years subsequent to December 31, 2005 (excluding compensated absences) are as follows:

Year ending December 31,	General Long-Term Debt		Enterprise Fund	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 916,265	\$ 294,267	\$ 50,000	\$ 24,977
2007	776,817	270,326	50,000	22,428
2008	792,417	249,721	50,000	19,827
2009	813,070	228,330	45,000	17,178
2010	833,780	206,491	45,000	14,747
2011-2015	4,105,000	695,492	215,000	36,113
2016-2020	2,970,000	203,920		
2021-2022	<u>535,000</u>	<u>13,437</u>		
	<u>\$11,742,349</u>	<u>\$2,161,984</u>	<u>\$ 455,000</u>	<u>\$135,270</u>

NOTE G - Restricted Assets

The balances of the restricted asset accounts are as follows:

Enterprise Fund:

Revenue Restrictions:

Operations and Maintenance Account	\$1,116,431
Improvements and Replacement Account	2,077,140
Bond Reserve	<u>392,298</u>
	<u>\$3,585,869</u>

Police Fund:

Police equipment	<u>38,127</u>
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Total Restricted Assets	<u>\$3,623,996</u>
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TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE H - Receivables

At December 31, 2005 receivables - other consisted of the following:

	General Fund	Fire Fund	Total
Comcast	\$ 69,769	\$	\$ 69,769
Vendors	6,000		6,000
Taxpayers	43,231		43,231
SMART	39,782		39,782
Cost recovery	<u>          </u>	<u>10,816</u>	<u>10,816</u>
	<u>\$158,782</u>	<u>\$10,816</u>	<u>\$169,598</u>

NOTE I - Retirement Plans

Defined Contribution Plan:

Effective April 1969, the Township established a defined contribution pension plan for all full-time employees hired before April 1, 1992. A defined contribution plan provides pension benefits in return for services rendered, provides an individual account for each participant and specifies how contributions to the individual accounts are to be determined instead of specifying the amount of benefit the individual is to receive. Participants become one-hundred percent vested after twenty months of service. In a defined contribution plan benefits depend solely on amounts contributed to the plan plus investment earnings. Contributions are calculated on employee base salary at a rate of ten percent which includes employee contributions of two or three percent depending on the terms of negotiated labor contracts. Employees may make additional voluntary contributions to the plan.

The Township's contribution of \$36,012 (10% of covered payroll) to this plan was calculated using the base pay amount of \$360,120, total payroll for 2005 was \$4,972,845.

Deferred Compensation Plan:

The Township Board offers all Township employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans were held in trust, (custodial account or annuity contract) as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof of the exclusive benefit of the participants holds the custodial account for the beneficiaries of the Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balance and activities are not reflected in the Township's financial statements.

Defined Benefit Plan:

The Township participates in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance; disability retirement allowance, nonduty-connected death and postretirement adjustments to plan members and their beneficiaries. All Township full-time employees are eligible to participate in the system. All employees who retire after age 60 with 10 years of credited service are entitled to a retirement benefit, payable for life, equal to 2.5% of their 3-year final average compensation (FAC), with a maximum benefit of 60% of FAC. The system also provides disability benefits to a member who becomes totally and permanently disabled while employed by the Township and after acquiring 10 or more years of credited service. The service requirement is waived if the disability is from service connected causes. If a member or vested former member with 10 or more years of service dies in a non-duty related death before retirement, a monthly survivor allowance may be payable. The service requirement is waived in a duty related death. The most recent period for which actuarial data was available was for the year ended December 31, 2005.

MERS was organized pursuant to Section 12a of Act #156, Public Acts of 1851 (MSA 5.333(a); MCLA 46.12(a)), as amended, State of Michigan. MERS is regulated under Act No. 427 of the Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 447 North Canal Street, Lansing, Michigan 48917.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE I - Retirement Plans (continued)

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining unit or personnel policy. The Township is required to contribute at an actuarially determined rate; the current rate was 8.57% of annual covered payroll for non-union employees, 6.97% for police employees, 10.63% for fire employees, 15.93% for public safety employees and 5.90% for command employees at December 31, 2005. Employees also contribute to the plan; the current rate is 7.40% for non-union employees, 5.0% for police employees, 5.0% for fire employees, 9.6% for public safety employees and 7.50% for command employees.

During the year ended December 31, 2005, the Township's annual pension cost of \$408,702 for the plan was equal to the required and actual contribution. The annual required contribution was determined by an actuarial valuation of the plan as of December 31, 2003. The employer contribution rate has been determined based on the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 33 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases. The actuarial value of assets was determined using techniques that smooth effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over 30 years. The amortization period is open.

Three Year Trend Information for GASB Statement No. 27:

<u>Fiscal Period Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
December 31, 2003	\$ 300,545	100%	\$ -0-
December 31, 2004	382,883	100%	-0-
December 31, 2005	408,702	100%	-0-

Required Supplementary Information for GASB Statement No. 27:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as of Percentage of Covered Payroll (b-a)/(c)</u>
<u>December 31,</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>			
2003	\$ 8,309,580	\$ 10,670,330	\$ 2,360,750	77.9%	\$4,202,592	56.2%
2004	9,327,907	11,959,604	2,631,697	78.0%	4,407,613	59.7%
2005	10,353,808	13,298,408	2,944,600	77.9%	4,721,473	62.4%

NOTE J - Post Employment BenefitsUnion Employees:

The Township provides health care benefits to all full-time employees upon retirement with 25 years of service and after attaining the age of 55 years, or 10 years of service and after attaining the age of 60 years, in accordance with labor contracts. The Township includes pre-Medicare retirees and their dependents in its insured health care plan, with contributions required by the participant for their dependents. The Township purchases Medicare supplemental insurance for retirees eligible for Medicare.

Non-Union Employees:

The Township provides health care benefits for all retiring employees with 25 years of service and after attaining the age of 50 years, or 10 years of service and after attaining the age of 60 years. The Township includes pre-Medicare retirees and their spouse in its insured health care plan, with contributions required by the participant for their spouse. The Township purchases Medicare supplemental insurance for retirees eligible for Medicare.

Expenditures for post employment health care benefits are recognized as the insurance premiums become due; during the year ended December 31, 2005, this amounted to approximately \$124,300 and covered seventeen retired employees.

TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE J - Post Employment Benefits (continued)

Fulltime Elected Officials

The Township will carry medical benefits for spouses of fulltime elected officials at retirement, if they meet 25 years of service and 50 years of age or 8 years of service and 60 years of age.

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

NOTE K - Commitments

At December 31, 2005, the Township has commitments as follows:

1. The Township is in the process of purchasing five police cars at an estimated cost of \$102,300.
2. The Township is in the process of purchasing new police firearms at an estimated cost of \$8,900 (after trade-in).

NOTE L - Litigation and Contingent Liabilities

The Township is a defendant in various litigations. The Township attorney and management are of the opinion that any potential liability resulting from these cases, either can not be determined, is not material or should be within the insurance coverage of the Township, therefore, is not reflected in the financial statements.

NOTE M - Sewer Systems

The Township has operating sewers and is in the process of constructing additional sewer extensions throughout the Township. The Township belongs to the Commerce/White Lake Sewer System. Oakland County operates and maintains this sewer system.

NOTE N - Reserved Fund Balances

Fund balances have been reserved for the following purposes:

	<u>General Fund</u>
Transportation	<u>\$ 48,468</u>
	<u>Fire Fund</u>
Equipment acquisition	<u>\$ 4,502,881</u>



TOWNSHIP OF WHITE LAKE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE O - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for health, dental and life claims. The Township participates in the Michigan Municipal Risk Management Authority state pool for claims relating to property loss, torts, errors and omissions and participates in the Michigan Municipal League risk pool for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority State Pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

NOTE P - Building Permit Fund

As per Public Act 245 of 1999 the building permit schedule of revenues and expenditures for the year is detailed below:

Accumulated surplus of expenditures over revenues - December 31, 2004	\$222,666
2005:	
Revenues:	
Building Permits	\$348,597
Electric Permits	81,616
Heating Permits	86,357
Plumbing Permits	68,905
Plot Plan Review	20,600
Building Plan Review	48,199
Fire Safety Reviews	<u>12,041</u>
Total revenues	666,315
Expenditures:	
Building Inspections (see page 41 - Statement of Expenditures - General Fund)	590,307
Capital Outlay - Building Inspections	<u>9,970</u>
Total expenditures	<u>\$600,277</u>
Surplus of revenues over expenditures	<u>\$ 66,038</u>
Accumulated excess of revenues over expenditures - December 31, 2005	<u>\$286,704</u>

REQUIRED SUPPLEMENTAL INFORMATION

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues:				
Taxes:				
Current tax. . . . .	\$ 1,025,219	\$ 1,025,219	\$ 986,821	\$ (38,398)
Delinquent . . . . .	5,000	5,000	9,269	4,269
Trailer taxes. . . . .	11,000	11,000	8,225	(2,775)
Interest and penalty . . . . .	20,000	24,413	26,064	1,651
	<u>\$ 1,061,219</u>	<u>\$ 1,065,632</u>	<u>\$ 1,030,378</u>	<u>\$ (35,254)</u>
Licenses and permits:				
General licenses and permits . . . . .	8,050	8,050	7,461	(589)
Building permits . . . . .	300,000	400,000	348,597	(51,403)
Electrical permits . . . . .	80,000	80,000	81,616	1,616
Plumbing permits . . . . .	80,000	80,000	68,905	(11,095)
Heating permits. . . . .	90,000	90,000	86,357	(3,643)
Soil erosion permit. . . . .	25,000	25,000	27,435	2,435
Dog licenses . . . . .	1,000	1,000	915	(85)
Cable T.V. franchise . . . . .	175,000	186,500	263,962	77,462
	<u>\$ 759,050</u>	<u>\$ 870,550</u>	<u>\$ 885,247</u>	<u>\$ 14,697</u>
State sources:				
State revenue sharing. . . . .	2,127,285	2,127,285	2,111,689	(15,602)
Metro Act. . . . .	16,000	16,000	14,235	(1,765)
SMART grant. . . . .	65,042	65,042	64,209	(833)
	<u>\$ 2,208,327</u>	<u>\$ 2,208,327</u>	<u>\$ 2,190,127</u>	<u>\$ (18,200)</u>
Charges for services:				
Site and plate fees. . . . .	7,500	7,500	10,204	2,704
Building plan review . . . . .	40,000	40,000	48,199	8,199
Fire safety review . . . . .		12,000	12,041	41
Plot plan review . . . . .	20,000	20,000	20,600	600
Board of Appeals . . . . .	6,000	6,000	3,410	(2,590)
Special meeting fees . . . . .	15,000	15,000	13,760	(1,220)
Cemetery - sale of lots. . . . .	6,000	6,000	4,900	(1,100)
Duplicating and photostating . . . . .	3,000	3,000	1,934	(1,067)
Grinder pumps. . . . .			3,150	3,150
Senior services. . . . .	11,000	11,000	9,817	(1,183)
Other maps, codes, etc . . . . .	2,500	2,500	1,896	(604)
Enhanced revenue . . . . .	1,500	1,500	2,021	521
Passport processing fee. . . . .			5,070	5,070
Administration fees - other funds. . . . .	30,000	30,000	102,285	72,285
	<u>\$ 142,500</u>	<u>\$ 154,500</u>	<u>\$ 239,307</u>	<u>\$ 84,807</u>
Fines and forfeitures - ordinance fines. . . . .	2,000	2,000	375	(1,625)

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues (continued):				
Interest and rents:				
Interest earnings. . . . .	25,000	165,000	282,402	117,402
Rents:				
Community Hall rental. . . . .	6,000	6,000	7,660	1,660
Dublin Center rental. . . . .	1,000	1,000	405	(595)
Field rentals. . . . .	3,000	3,000	2,665	(335)
Ormond Road Tower rental. . . . .	4,800	4,800	5,177	377
Wolverine Lake van rental. . . . .	4,000	4,000	3,159	(841)
	<u>\$ 43,800</u>	<u>\$ 183,800</u>	<u>\$ 301,468</u>	<u>\$ 117,668</u>
Other:				
Street lighting. . . . .	18,000	18,000	16,692	(1,308)
Refunds and rebates. . . . .	17,000	17,000	37,853	20,853
Contributions. . . . .	3,500	3,500	17,931	14,431
Sale of fixed assets. . . . .	500	500	3,750	3,250
Tri-Party reimbursement. . . . .			215,999	215,999
Reimbursements. . . . .	63,755	63,755	67,382	3,637
Miscellaneous. . . . .	11,000	11,000	21,930	10,930
	<u>\$ 113,755</u>	<u>\$ 113,755</u>	<u>\$ 381,547</u>	<u>\$ 267,792</u>
Total revenues. . . . .	<u>\$ 4,330,651</u>	<u>\$ 4,598,564</u>	<u>\$ 5,028,449</u>	<u>\$ 429,885</u>
Expenditures:				
General government:				
Township board:				
Salaries - Trustees. . . . .	30,528	30,528	30,278	250
Fees and per diem. . . . .	4,000	4,000	5,008	(1,008)
Social security. . . . .	2,641	2,641	2,648	(7)
Employee insurance. . . . .	650	650	400	250
Travel and conferences. . . . .	6,500	6,500	3,076	3,424
General insurance. . . . .	500	500	57	443
Dues and subscriptions. . . . .	15,500	15,500	12,959	2,541
Miscellaneous. . . . .	1,000	1,000	686	303
	<u>\$ 61,319</u>	<u>\$ 61,319</u>	<u>\$ 55,123</u>	<u>\$ 6,196</u>
Supervisor:				
Salary - officer. . . . .	70,024	70,024	69,977	47
Salary - Administrative assistant. . . . .	47,744	47,744	47,834	(90)
Salary - clerical. . . . .	40,072	40,072	43,944	(3,872)
Salary - financial officer. . . . .	70,024	70,024		70,024
Social security. . . . .	12,075	12,075	12,548	(473)
Employee insurance. . . . .	55,758	55,978	30,216	25,762

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
General government (continued):				
Supervisor (continued):				
Pension . . . . .	19,732	19,732	18,057	1,675
Communications . . . . .	1,000	500	448	52
Travel and conferences . . . . .	6,100	6,475	3,985	2,490
General insurance . . . . .	1,500	1,500	1,654	(154)
Dues and subscriptions . . . . .	500	500	234	266
Miscellaneous . . . . .	300	300	521	(221)
	<u>\$ 324,824</u>	<u>\$ 324,924</u>	<u>\$ 229,420</u>	<u>\$ 95,504</u>
Clerk:				
Salary - officer . . . . .	65,048	65,048	65,016	32
Salary - Deputy Clerk . . . . .	51,727	51,727	45,691	6,036
Salary - bookkeeper . . . . .	50,489	50,489	50,457	32
Salary - clerical . . . . .	79,753	86,622	85,871	751
Social security . . . . .	20,394	20,394	18,836	1,558
Employee insurance . . . . .	82,147	82,147	45,266	36,881
Pension . . . . .	33,276	33,276	30,351	2,925
Supplies . . . . .	2,400	2,400	477	1,923
Communications . . . . .	1,000	1,000	623	377
Travel and conferences . . . . .	1,300	1,450	921	529
Legal notices . . . . .	15,000	15,000	11,325	3,675
General insurance . . . . .	1,000	1,000	793	207
Dues and subscriptions . . . . .	300	450	488	(38)
Training . . . . .	1,000	1,000	706	294
Miscellaneous . . . . .	200	200	104	96
	<u>\$ 405,034</u>	<u>\$ 412,203</u>	<u>\$ 356,925</u>	<u>\$ 55,278</u>
Audit expense . . . . .	35,000	42,145	42,145	-
Board of review:				
Fees and per diem . . . . .	1,500	1,500	840	660
Social security . . . . .	115	115	60	55
Conferences . . . . .	150	150		150
	<u>\$ 1,765</u>	<u>\$ 1,765</u>	<u>\$ 900</u>	<u>\$ 865</u>

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
General government (continued):				
Treasurer:				
Salary - officer . . . . .	66,048	66,048	66,255	(207)
Salary - Deputy Treasurer . . . . .	53,655	53,655	53,634	21
Salaries - Clerical . . . . .	70,109	70,109	72,286	(2,177)
Social security . . . . .	14,482	14,482	14,563	(81)
Employee Insurance . . . . .	59,943	59,943	59,074	869
Pension . . . . .	25,869	25,869	25,214	655
Supplies . . . . .	500	500	130	370
Data processing . . . . .	20,000	20,000	1,888	18,112
Communications . . . . .	1,000	1,000	619	381
Travel and conferences . . . . .	2,150	2,450	3,044	(594)
General Insurance . . . . .	500	500	609	(109)
Dues and subscriptions . . . . .	1,200	1,200	691	509
Training . . . . .	1,000	1,000	1,092	(92)
Miscellaneous . . . . .	300	300	41	259
	<u>\$ 316,758</u>	<u>\$ 317,056</u>	<u>\$ 299,140</u>	<u>\$ 17,916</u>
Assessing:				
Salaries . . . . .	197,313	197,313	195,496	1,817
Social security . . . . .	14,788	14,960	14,960	-
Employee insurance . . . . .	68,517	68,345	60,746	7,599
Pension . . . . .	18,655	18,655	16,736	1,919
Supplies . . . . .	300	300	166	134
Data processing . . . . .	15,000	15,000	-	15,000
Travel and conferences . . . . .	5,600	5,280	3,343	1,937
General Insurance . . . . .	5,500	6,820	6,415	405
Dues and subscriptions . . . . .	840	840	620	220
Training . . . . .	3,000	2,000	1,428	572
Miscellaneous . . . . .	200	200	118	82
	<u>\$ 329,713</u>	<u>\$ 329,713</u>	<u>\$ 300,027</u>	<u>\$ 29,686</u>
Elections:				
Fees and per diem . . . . .	-	6,988	6,595	403
Operating supplies . . . . .	-	3,477	3,274	203
Equipment maintenance . . . . .	6,000	4,660	3,011	1,649
Miscellaneous . . . . .	-	8,512	8,512	-
	<u>\$ 6,000</u>	<u>\$ 23,637</u>	<u>\$ 21,382</u>	<u>\$ 2,254</u>

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
General government (continued):				
Township buildings and grounds:				
Salaries - custodian . . . . .	72,605	72,605	63,206	9,399
Social security . . . . .	5,248	5,248	4,730	518
Employee insurance . . . . .	14,334	24,584	26,584	(1,980)
Pension . . . . .	4,314	4,314	3,977	337
Communications . . . . .	10,500	10,500	11,646	(1,146)
Transportation . . . . .	4,000	5,450	4,000	1,450
General insurance . . . . .	74,000	74,000	74,835	(835)
Utilities . . . . .	62,000	66,500	57,010	9,490
Building and grounds maintenance . . . . .	96,000	92,000	63,756	28,244
Equipment maintenance . . . . .	47,000	46,800	35,749	11,051
Miscellaneous . . . . .	5,000	5,000	725	4,275
	<u>\$ 395,001</u>	<u>\$ 407,001</u>	<u>\$ 346,197</u>	<u>\$ 60,804</u>
Legal fees . . . . .	90,000	90,000	100,134	(10,134)
Cemetery:				
General insurance . . . . .	600	600	96	504
Utilities . . . . .	500	500	184	316
Maintenance . . . . .	15,000	15,000	7,635	7,365
Miscellaneous . . . . .	500	500	(125)	625
	<u>\$ 16,600</u>	<u>\$ 16,600</u>	<u>\$ 7,789</u>	<u>\$ 8,811</u>
Conservation services . . . . .	60,000	63,900	41,740	22,160
Other general services administration activities:				
Mailing and postage . . . . .	34,000	34,000	30,764	3,236
Office supplies . . . . .	25,000	25,000	18,465	6,535
Miscellaneous . . . . .	20,000	20,000	15,211	4,789
	<u>\$ 79,000</u>	<u>\$ 79,000</u>	<u>\$ 64,440</u>	<u>\$ 14,560</u>
Total general government . . . . .	<u>\$ 2,121,012</u>	<u>\$ 2,169,263</u>	<u>\$ 1,865,361</u>	<u>\$ 303,901</u>
Public safety:				
Building inspection department:				
Salaries . . . . .	260,190	256,342	247,514	8,828
Electrical inspector . . . . .	45,000	63,150	61,402	1,748
Plumbing inspector . . . . .	50,000	86,823	85,216	1,607
Social security . . . . .	27,214	36,297	33,796	2,501
Employee insurance . . . . .	67,127	74,063	69,106	4,957

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
Public safety (continued):				
Building inspection department (continued):				
Pension . . . . .	25,461	25,631	22,793	2,838
Supplies . . . . .	6,500	7,300	7,158	142
Professional fees . . . . .	30,000	44,000	43,178	822
Communications . . . . .	2,400	3,200	2,396	804
Transportation and conferences . . . . .	10,500	12,200	9,574	2,626
General Insurance . . . . .	8,000	8,000	6,331	1,669
Dues and subscriptions . . . . .	500	600	820	(20)
Training . . . . .	3,000	1,600	889	711
Miscellaneous . . . . .	2,275	2,325	134	2,191
	<u>\$ 538,167</u>	<u>\$ 621,731</u>	<u>\$ 590,307</u>	<u>\$ 31,424</u>
Ordinance officer . . . . .	<u>45,134</u>	<u>45,134</u>	<u>45,240</u>	<u>(106)</u>
Total public safety . . . . .	<u>\$ 583,301</u>	<u>\$ 666,865</u>	<u>\$ 635,546</u>	<u>\$ 31,319</u>
Public works:				
Highway and streets . . . . .	201,000	201,000	288,575	(87,575)
Street lighting . . . . .	<u>35,000</u>	<u>35,000</u>	<u>30,096</u>	<u>4,904</u>
Total public works . . . . .	<u>\$ 236,000</u>	<u>\$ 236,000</u>	<u>\$ 318,671</u>	<u>\$ (82,671)</u>
Health and welfare:				
Senior citizens transportation program:				
Salaries . . . . .	56,300	56,300	44,867	11,433
Social security . . . . .	4,310	4,310	3,454	856
Employee insurance . . . . .	1,000	1,000	1,023	(23)
Supplies . . . . .	1,000	1,000	524	476
Communications . . . . .	2,500	2,500	1,648	852
Transportation . . . . .	16,000	16,000	12,974	3,026
General Insurance . . . . .	4,000	4,000	3,259	741
Miscellaneous . . . . .	<u>200</u>	<u>200</u>	<u>201</u>	<u>(1)</u>
	<u>\$ 85,310</u>	<u>\$ 85,310</u>	<u>\$ 67,949</u>	<u>\$ 17,361</u>
Special projects contributions . . . . .	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total health and welfare . . . . .	<u>\$ 95,310</u>	<u>\$ 95,310</u>	<u>\$ 67,949</u>	<u>\$ 27,361</u>
Community and economic development:				
Planning:				
Salaries . . . . .	285,398	293,798	279,211	14,587
Social security . . . . .	16,208	16,208	22,019	(5,811)



## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
Community and economic development (continued):				
Planning (continued):				
Employee Insurance . . . . .	59,197	59,197	49,994	9,203
Pension . . . . .	20,446	20,446	23,912	(3,466)
Supplies . . . . .	1,000	1,100	1,394	(294)
Professional fees . . . . .	80,000	80,000	95,398	(15,398)
Communications . . . . .	1,500	1,500	1,939	(439)
Transportation and conferences . . . . .	9,000	9,000	8,557	443
Legal notices . . . . .	3,000	3,000	3,006	(6)
General Insurance . . . . .	4,000	4,000	5,369	(1,369)
Dues and subscriptions . . . . .	1,500	1,500	2,449	(949)
Training . . . . .	3,000	3,000	1,785	1,215
Miscellaneous . . . . .	200	200	122	78
Total community and economic development . . . . .	\$ 484,449	\$ 482,949	\$ 495,150	\$ (2,201)
Recreation and culture:				
Other recreation and park activities . . . . .	5,000	5,000	3,796	1,204
Senior center program:				
Salaries . . . . .	107,762	107,762	90,619	17,143
Social security . . . . .	8,245	8,245	7,454	791
Employee insurance . . . . .	25,191	25,191	23,684	1,507
Pension . . . . .	8,952	8,952	7,782	1,170
Supplies and activities . . . . .	18,000	18,000	15,528	2,472
Communications . . . . .	1,000	1,000	122	878
Transportation and conferences . . . . .	2,400	2,400	346	2,054
General insurance . . . . .	500	500	552	(52)
Dues and subscriptions . . . . .	600	600	488	112
Miscellaneous . . . . .	500	500	644	(144)
	\$ 173,150	\$ 173,150	\$ 147,219	\$ 25,931
Total recreation and culture . . . . .	\$ 178,150	\$ 178,150	\$ 151,016	\$ 27,134
Other:				
Sick pay allowance . . . . .	8,000	8,000	-	8,000
Payroll service . . . . .	10,000	11,800	11,016	784
Insurance and bonds . . . . .	30,000	28,200	-	28,200
Total other . . . . .	\$ 48,000	\$ 48,000	\$ 11,016	\$ 36,984

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (continued):				
Capital outlay:				
Supervisor . . . . .	5,000	5,000	1,680	3,320
Clerk . . . . .	3,000	7,500	6,658	842
Treasurer . . . . .	3,000	3,000	922	2,078
Assessing . . . . .	5,000	5,000	1,936	3,064
Elections . . . . .	-	1,141	1,141	-
Township buildings . . . . .	222,000	222,000	274,288	(52,288)
Cemetery . . . . .	5,000	5,000	1,568	3,432
Building inspections . . . . .	30,000	10,714	9,970	744
Planning . . . . .	5,000	5,000	4,772	228
Senior center program . . . . .	3,000	3,000	886	2,114
Total capital outlay . . . . .	\$ 281,000	\$ 267,355	\$ 303,821	\$ (36,466)
Total expenditures . . . . .	\$ 4,027,222	\$ 4,153,891	\$ 3,848,531	\$ 305,360
Excess of revenues over expenditures . . . . .	\$ 303,429	\$ 444,673	\$ 1,179,919	\$ 735,246
Other financing sources (uses):				
Capitalized leases . . . . .			37,349	37,349
Operating transfers in . . . . .	101,731	101,731	52,293	(49,438)
Operating transfer out . . . . .	(973,385)	(1,206,616)	(1,167,321)	39,295
Total other financing sources (uses) . . . . .	\$ (771,654)	\$ (1,104,885)	\$ (1,077,679)	\$ 27,207
Excess of revenues and other sources over (under) expenditures and other uses . . . . .	\$ (468,225)	\$ (660,212)	\$ 102,240	\$ 762,452
Fund balance - January 1, 2005 . . . . .	2,002,969	2,002,969	2,002,969	
Fund balance - December 31, 2005 . . . . .	\$ 1,534,744	\$ 1,342,757	\$ 2,105,209	\$ 762,452

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
FIRE FUND

For the Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues:				
Taxes . . . . .	\$ 1,698,257	\$ 1,698,307	\$ 1,700,174	\$ 1,867
Federal sources . . . . .			8,954	8,954
Interest . . . . .	15,000	15,000	13,664	(1,336)
Other:				
Sale of fixed assets . . . . .	1,000	1,000		(1,000)
Insurance recoveries . . . . .	2,000	2,000		(2,000)
Cost recoveries . . . . .		3,000	6,975	3,975
Miscellaneous . . . . .	8,000	9,500	4,929	(4,571)
Total revenues . . . . .	\$ 1,724,257	\$ 1,728,807	\$ 1,734,696	\$ 5,889
Expenditures:				
Salaries . . . . .	1,078,244	992,040	914,311	77,729
Social security . . . . .	80,465	76,655	69,472	7,183
Employee Insurance . . . . .	182,339	210,949	201,339	9,610
Pension . . . . .	70,000	95,900	97,704	(1,804)
Office supplies and expenses . . . . .	4,500	4,600	2,752	1,848
Uniforms . . . . .	8,000	10,600	10,071	529
Food allowance . . . . .	6,500	4,500	4,500	
Operating supplies . . . . .	32,500	39,800	49,387	(9,587)
Professional fees . . . . .	7,500	8,500	13,816	(5,316)
Communications . . . . .	11,700	10,700	10,123	577
Vehicle maintenance and expenses . . . . .	45,750	47,170	57,340	(10,170)
Conferences . . . . .	1,500	3,500	2,983	517
Medical supplies and services . . . . .	10,000	7,500	11,845	(4,345)
General insurance . . . . .	60,025	60,025	73,297	(13,272)
Utilities . . . . .	21,100	21,100	20,635	465
Repairs and maintenance . . . . .	21,000	23,300	23,835	(535)
Dues and subscriptions . . . . .	1,800	4,800	4,489	311
Training . . . . .	15,000	14,000	13,728	272
Miscellaneous . . . . .	3,550	1,550	849	701
Total expenditures . . . . .	\$ 1,661,478	\$ 1,637,189	\$ 1,592,475	\$ 54,714
Capital outlay . . . . .	462,908	821,173	4,519	816,654
Total expenditures . . . . .	\$ 2,124,381	\$ 2,458,362	\$ 1,596,994	\$ 871,368
Excess of revenues over (under) expenditures . . . . .	\$ (400,124)	\$ (729,555)	\$ 147,702	\$ 877,257
Other financing sources:				
Operating transfers in . . . . .	396,324	729,555	674,928	(54,627)
Excess of revenues and other sources over expenditures . . . . .	\$ (3,800)	\$	\$ 822,629	\$ 822,629
Fund balance - January 1, 2005 . . . . .	3,680,252	3,680,252	3,680,252	
Fund balance - December 31, 2005 . . . . .	\$ 3,676,452	\$ 3,680,252	\$ 4,502,881	\$ 822,629

JANZ &amp; KNIGHT, P.L.C. - CERTIFIED PUBLIC ACCOUNTANTS

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
POLICE FUND

For the Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes . . . . .	\$ 2,799,721	\$ 2,799,721	\$ 2,742,813	\$ 3,092
Federal sources . . . . .			35,262	35,262
State sources . . . . .	29,000	29,000	19,285	(9,715)
Charges for services . . . . .	18,000	24,737	33,737	9,000
Fines and forfeitures . . . . .	95,000	108,000	138,357	30,357
Interest . . . . .	16,000	16,000	23,000	7,000
Other:				
Sale of fixed assets . . . . .	38,000	38,000	17,615	(20,385)
Miscellaneous . . . . .	14,800	54,800	67,462	12,662
<b>Total revenues . . . . .</b>	<b>\$ 2,944,521</b>	<b>\$ 3,004,258</b>	<b>\$ 3,077,539</b>	<b>\$ 73,275</b>
<b>Expenditures:</b>				
Salaries . . . . .	2,082,775	2,160,775	2,215,889	(55,114)
Social security . . . . .	160,043	161,743	166,816	(5,073)
Employee insurance . . . . .	521,299	518,689	452,997	65,692
Pension . . . . .	123,948	125,345	158,905	(33,560)
Office supplies and expenses . . . . .	13,000	11,000	11,775	(775)
Uniforms . . . . .	24,000	24,000	19,620	4,380
Operating supplies . . . . .	10,355	14,892	15,293	(401)
Professional fees . . . . .	77,500	95,500	107,659	(12,159)
Data processing . . . . .	16,000	16,000	21,413	(5,413)
Communications . . . . .	12,000	12,000	15,094	(3,094)
Vehicle maintenance and expenses . . . . .	69,400	69,400	76,616	(7,216)
Conferences . . . . .	1,500	1,500	494	1,006
General insurance . . . . .	68,025	68,025	75,704	(7,679)
Repairs and maintenance . . . . .	64,000	61,500	60,854	646
Dues and subscriptions . . . . .	3,050	3,050	1,847	1,203
Training . . . . .	16,700	16,700	16,811	(111)
Crossing guards . . . . .	11,300	11,300	9,767	1,533
Miscellaneous . . . . .	7,700	9,900	8,847	1,053
	<u>\$ 3,291,582</u>	<u>\$ 3,361,319</u>	<u>\$ 3,496,402</u>	<u>\$ (55,083)</u>
<b>Capital outlay . . . . .</b>	<b>140,000</b>	<b>100,000</b>	<b>192,839</b>	<b>(92,839)</b>
<b>Total expenditures . . . . .</b>	<b>\$ 3,421,582</b>	<b>\$ 3,461,319</b>	<b>\$ 3,629,242</b>	<b>\$ (147,923)</b>
<b>Excess of revenues over (under) expenditures . . . . .</b>	<b>\$ (477,061)</b>	<b>\$ (477,061)</b>	<b>\$ (551,709)</b>	<b>\$ (74,648)</b>
<b>Other financing sources:</b>				
Operating transfers in . . . . .	477,061	477,061	514,536	37,475
<b>Excess of revenues and other sources over (under) expenditures . . . . .</b>	<b>\$</b>	<b>\$</b>	<b>\$ (37,173)</b>	<b>\$ (37,173)</b>
<b>Fund balance - January 1, 2005 . . . . .</b>	<b>37,173</b>	<b>37,173</b>	<b>37,173</b>	
<b>Fund balance - December 31, 2005 . . . . .</b>	<b>\$ 37,173</b>	<b>\$ 37,173</b>	<b>\$</b>	<b>\$ (37,173)</b>

JANZ &amp; KNIGHT, P.L.C. - CERTIFIED PUBLIC ACCOUNTANTS

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
IMPROVEMENT REVOLVING FUND

For the Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues:				
Interest. . . . .	\$	\$ 40,000	\$ 96,002	\$ 56,002
Expenditures:				
Miscellaneous . . . . .			84	(84)
Excess of revenues over expenditures. . . . .	\$	\$ 40,000	\$ 95,918	\$ 55,918
Other financing sources (uses):				
Operating transfers in. . . . .	300,000			-
Operating transfer out. . . . .		(141,731)		141,731
Total other financing sources (uses). . .	\$ 300,000	\$ (141,731)	\$ -	\$ 141,731
Excess of revenues and other sources over (under) expenditures and other uses. . . . .	\$ 300,000	\$ (101,731)	\$ 95,918	\$ 197,649
Fund balance - January 1, 2005. . . . .	3,259,244	3,259,244	3,259,244	
Fund balance - December 31, 2005. . . . .	\$ 3,559,244	\$ 3,157,513	\$ 3,355,162	\$ 197,649

## TOWNSHIP OF WHITE LAKE, MICHIGAN

BUDGETARY COMPARISON SCHEDULE  
SPECIAL ASSESSMENT FUND

For the Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues:				
Interest. . . . .	\$	\$	\$ 41,829	\$ 41,829
Other - special assessments . . . . .	1,488,022	1,508,022	1,641,344	133,322
Total revenues. . . . .	\$ 1,488,022	\$ 1,508,022	\$ 1,683,173	\$ 175,151
Expenditures:				
Special assessments:				
Garbage . . . . .	1,283,577	1,303,577	1,296,953	6,624
Others. . . . .	204,445	204,445	295,746	(91,301)
Total expenditures. . . . .	\$ 1,488,022	\$ 1,508,022	\$ 1,592,699	\$ (84,677)
Excess of revenues over expenditures. . . . .	\$ -	\$ -	\$ 90,474	\$ 90,474
Fund balance - January 1, 2005. . . . .	516,730	516,730	516,730	
Fund balance - December 31, 2005. . . . .	\$ 516,730	\$ 516,730	\$ 607,204	\$ 90,474

OTHER SUPPLEMENTAL INFORMATION

## TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2005

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Non-Major Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents . . . . .	\$ 318,653	\$ 4,467	\$ 213,355	\$ 536,475
Receivable - other . . . . .	20,250			20,250
Due from other funds . . . . .			21,000	21,000
Due from other governments . . . . .	44,667		8,888	53,555
Total assets . . . . .	<u>\$ 383,570</u>	<u>\$ 4,467</u>	<u>\$ 243,243</u>	<u>\$ 631,280</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable . . . . .	\$	\$	\$ 23,047	\$ 23,047
Due to other funds . . . . .	160,310		205,953	366,263
Total liabilities . . . . .	\$ 160,310	\$	\$ 229,000	\$ 389,310
Fund balances:				
Reserved for:				
Debt service . . . . .		4,467		4,467
Unreserved . . . . .	223,260		14,243	237,503
Total fund balances . . . . .	<u>\$ 223,260</u>	<u>\$ 4,467</u>	<u>\$ 14,243</u>	<u>\$ 241,970</u>
Total liabilities and fund balances . . . . .	<u>\$ 383,570</u>	<u>\$ 4,467</u>	<u>\$ 243,243</u>	<u>\$ 631,280</u>



## TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2005

	Drug Forfeiture	Community Development Block Grant	Sewer Maintenance	Total
<b>ASSETS</b>				
Cash and cash equivalents . . . . .	\$ 74,120	\$	\$ 244,533	\$ 318,653
Receivable - other . . . . .	20,250			20,250
Due from other governments . . . . .		44,667		44,667
Total assets . . . . .	<u>\$ 94,370</u>	<u>\$ 44,667</u>	<u>\$ 244,533</u>	<u>\$ 383,570</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Due to other funds . . . . .	\$ 25,915	\$ 44,667	\$ 89,728	\$ 160,310
Total liabilities . . . . .	\$ 25,915	\$ 44,667	\$ 89,728	\$ 160,310
Fund balances - unreserved . . . . .	68,455		154,805	223,260
Total liabilities and fund balances . . .	<u>\$ 94,370</u>	<u>\$ 44,667</u>	<u>\$ 244,533</u>	<u>\$ 383,570</u>

TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
DEBT SERVICE FUNDS  
DECEMBER 31, 2005

	Building Authority	Total
<b>ASSETS</b>		
Cash and cash equivalents . . . . .	\$ 4,467	\$ 4,467
Total assets. . . . .	<u>\$ 4,467</u>	<u>\$ 4,467</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Fund balances - reserved for debt service . . . . .	\$ 4,467	\$ 4,467
Total liabilities and fund balances . . . . .	<u>\$ 4,467</u>	<u>\$ 4,467</u>

JANZ & KNIGHT, P.L.C. - CERTIFIED PUBLIC ACCOUNTANTS

## TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECT FUNDS  
 DECEMBER 31, 2005

	Pontiac Lake Sewer	Estola Paving	Total
<b>ASSETS</b>			
Cash and cash equivalents . . . . .	\$ 213,355	\$	\$ 213,355
Due from other funds. . . . .	21,000		21,000
Due from other governments. . . . .	8,888		8,888
Total assets. . . . .	<u>\$ 243,243</u>	<u>\$</u>	<u>\$ 243,243</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable. . . . .	\$ 23,047	\$	\$ 23,047
Due to other funds. . . . .	205,953		205,953
Total liabilities . . . . .	<u>\$ 229,000</u>	<u>\$</u>	<u>\$ 229,000</u>
Fund balances - unreserved. . . . .	14,243		14,243
Total liabilities and fund balances . . . .	<u>\$ 243,243</u>	<u>\$</u>	<u>\$ 243,243</u>

JANZ &amp; KNIGHT, P.L.C. - CERTIFIED PUBLIC ACCOUNTANTS

## TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2005

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Non-Major Governmental Funds
<b>Revenues:</b>				
Federal sources . . . . .	\$ 99,092	\$	\$	\$ 99,092
Charges for services . . . . .	74,152	151,152		225,304
Fines and forfeitures . . . . .	1,856			1,856
Interest . . . . .	7,680	626	6,141	14,447
Other . . . . .	20,250			20,250
<b>Total revenues . . . . .</b>	<b>\$ 203,030</b>	<b>\$ 151,778</b>	<b>\$ 6,141</b>	<b>\$ 360,949</b>
<b>Expenditures:</b>				
Current:				
General government . . . . .	92,500			92,500
Public safety . . . . .	5,761			5,761
Public works . . . . .	37,435		29,548	66,983
Capital outlay . . . . .	6,592		57,091	63,683
Debt service:				
Principal payments . . . . .		140,000		140,000
Interest and fiscal charges . . . . .		11,430		11,430
<b>Total expenditures . . . . .</b>	<b>\$ 142,288</b>	<b>\$ 151,430</b>	<b>\$ 86,639</b>	<b>\$ 380,357</b>
<b>Excess of revenues over (under) expenditures . . . . .</b>	<b>\$ 60,742</b>	<b>\$ 348</b>	<b>\$ (80,498)</b>	<b>\$ (19,408)</b>
<b>Other financing sources (uses):</b>				
Proceeds from sale of bonds . . . . .			64,545	64,545
Transfer to police fund . . . . .	(22,143)			(22,143)
Transfer to general fund . . . . .	(52,293)			(52,293)
<b>Total other financing sources (uses) . . . . .</b>	<b>\$ (74,436)</b>	<b>\$ -</b>	<b>\$ 64,545</b>	<b>\$ (9,891)</b>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing uses . . . . .</b>	<b>\$ (13,694)</b>	<b>\$ 348</b>	<b>\$ (15,953)</b>	<b>\$ (29,299)</b>
<b>Fund balance - January 1, 2005 . . . . .</b>	<b>236,954</b>	<b>4,119</b>	<b>30,196</b>	<b>271,269</b>
<b>Fund balance - December 31, 2005 . . . . .</b>	<b>\$ 223,260</b>	<b>\$ 4,467</b>	<b>\$ 14,243</b>	<b>\$ 241,970</b>

JANZ &amp; KNIGHT, P.L.C. - CERTIFIED PUBLIC ACCOUNTANTS

## TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2005

	Drug Forfeiture	Community Development Block Grant	Sewer Maintenance	Total
Revenues:				
Federal sources . . . . .	\$	\$ 99,092	\$	\$ 99,092
Charges for services . . . . .			74,152	74,152
Fines and forfeitures . . . . .	1,856			1,856
Interest . . . . .	1,942		5,738	7,680
Other . . . . .	20,250			20,250
Total revenues . . . . .	\$ 24,048	\$ 99,092	\$ 79,890	\$ 203,030
Expenditures:				
Current:				
General government . . . . .		92,500		92,500
Public safety . . . . .	5,761			5,761
Public works . . . . .			37,435	37,435
Capital outlay . . . . .		6,592		6,592
Total expenditures . . . . .	\$ 5,761	\$ 99,092	\$ 37,435	\$ 142,288
Excess of revenues over expenditures . . . . .	\$ 18,287	\$	\$ 42,455	\$ 60,742
Other financing uses:				
Transfer to police fund . . . . .	(22,143)			(22,143)
Transfer to general fund . . . . .			(52,293)	(52,293)
Total other financing uses . . . . .	\$ (22,143)	\$	\$ (52,293)	\$ (74,436)
Excess of revenues over (under) expenditures and other financing uses . . . . .	\$ (3,856)	\$	\$ (9,838)	\$ (13,694)
Fund balance - January 1, 2005 . . . . .	72,311		164,643	236,954
Fund balance - December 31, 2005 . . . . .	\$ 68,455	\$	\$ 154,805	\$ 223,260

JANZ &amp; KNIGHT, P.L.C. - CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
DEBT SERVICE FUNDS

For the Year Ended December 31, 2005

	Building Authority	Total
Revenues:		
Charges for services . . . . .	\$ 151,152	\$ 151,152
Interest . . . . .	626	626
Total revenues . . . . .	\$ 151,778	\$ 151,778
Expenditures:		
Debt service:		
Principal payments . . . . .	140,000	140,000
Interest and fiscal charges . . . . .	11,430	11,430
Total expenditures . . . . .	\$ 151,430	\$ 151,430
Excess of revenues over expenditures . . . . .	\$ 348	\$ 348
Fund balance - January 1, 2005 . . . . .	4,119	4,119
Fund balance - December 31, 2005 . . . . .	\$ 4,467	\$ 4,467

JANZ & KNIGHT, P.L.C. - CERTIFIED PUBLIC ACCOUNTANTS

## TOWNSHIP OF WHITE LAKE, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECT FUNDS

For the Year Ended December 31, 2005

	Pontiac Lake Sewer	Estola Paving	Total
Revenues:			
Interest & penalties . . . . .	\$ 6,141	\$ -	\$ 6,141
Expenditures:			
Current:			
Public works . . . . .		29,548	29,548
Capital outlay . . . . .	57,091		57,091
Total expenditures . . . . .	\$ 57,091	\$ 29,548	\$ 86,639
Excess of revenues over (under) expenditures . . . . .	\$ (50,950)	\$ (29,548)	\$ (80,498)
Other financing source - Proceeds from sale of bonds . . . . .	64,545		64,545
Excess of revenues and other sources over (under) expenditures . . . . .	\$ 13,595	\$ (29,548)	\$ (15,953)
Fund balance - January 1, 2005 . . . . .	648	29,548	30,196
Fund balance - December 31, 2005 . . . . .	\$ 14,243	\$ -	\$ 14,243

JANZ &amp; KNIGHT, P.L.C. - CERTIFIED PUBLIC ACCOUNTANTS

# JANZ & KNIGHT, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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**50**  
YEARS  
1954-2004

FREDERICK C. JANZ  
ROBERT I. KNIGHT  
KENNETH E. ZINK  
JOHN M. FOSTER

JOHN W. MACKEY  
MICHAEL V. HIGGINS  
JOHN E. MIELKE, JR.  
DAWN M. LENGERS  
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## MEMBERS

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
MICHIGAN ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

June 14, 2006

To The Members of the Board  
Township of White Lake  
White Lake, Michigan 48383

In planning and performing our audit of the financial statements of the Township of White Lake for the year ended December 31, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Township of White Lake's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

The adoption of the Michigan Uniform Local Budgeting Act (Act No. 621, Public Acts of 1978), has made it mandatory that balanced budgets be adopted and that those budgets be amended before expenditures exceed the budgeted amounts. We noted that the budget was amended during the fiscal year in an attempt to comply with the budget requirements. Despite the amendments, expenditures exceeded budgeted amounts in various activities. Listed below are the significant budget overruns:

<u>Fund</u>	<u>Activity</u>	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>	<u>Budget Variance</u>
General	Legal fees	\$ 90,000	\$ 100,134	\$ 10,134
General	Highway and streets	201,000	288,575	87,575
General	Capital outlay - Township Buildings	222,000	274,288	52,288
Fire	Operating supplies	39,800	49,387	9,587
Fire	Professional fees	8,500	13,816	5,316
Fire	Vehicle maintenance and expense	47,170	57,340	10,170
Fire	General insurance	60,025	73,297	13,272
Police	Salaries	2,160,775	2,215,889	55,114
Police	Social security	161,743	166,816	5,073
Police	Pension	125,345	158,905	33,560
Police	Professional fees	95,500	107,659	12,159
Police	Data processing	16,000	21,413	5,413
Police	Vehicle maintenance and expense	69,400	76,616	7,216
Police	General insurance	68,025	75,704	7,679
Police	Capital outlay	100,000	192,839	92,839
Special Assessment	Other	204,445	295,746	91,301
Drug Forfeiture	Public safety	-	5,761	5,761
Drug Forfeiture	Operating transfers out	5,000	22,143	17,143
CDBG	Public services	26,502	44,164	17,662
CDBG	Minor home repair	37,500	48,336	10,836
Sewer Maintenance	Professional fees	20,500	37,435	16,935



As previously reported, all funds should be reviewed, reconciled, and adjusted monthly to supporting detail (interfund balances, accounts receivable, etc). The reconciliation should be between the supporting detail and the general ledger produced by the Accounting System. Departments should coordinate their efforts to assist in the process. A date should be set (i.e. 10th of the following month) for the supporting documents to be submitted to the clerk's office. Closing out interfund balances should be completed monthly. Monthly reports that are not fully reconciled give opportunity to erroneous reports. We understand that the Township has recently hired a senior accountant to assist in implementing the above noted recommendations.

During the course of the audit it was determined that in several instances vendors were paid twice for the same invoice. In a separate letter, Janz & Knight has outlined procedures to avoid duplicate payments to vendors. We recommend that these procedures be followed by all departments. In addition, we recommend that manual checks not be issued. All checks should be prepared through the accounts payable computer system. We understand in 2006 the Township has purchased new accounting software that includes significant controls in this area.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions described above are believed to be a material weakness.

Additionally, we offer the following general comments and recommendations:

1. State of Michigan Public Act 245 requires a separate accounting for Building Department activity. This activity is currently recorded in the General Fund. We recommend that a Building Department Fund be established to record this activity.

2. Currently, the Township does not have a policy relating to cell phones owned by the Township. We recommend that a cell phone policy be established. This policy should address personal use and reimbursement procedures to the Township when personal use occurs.

3. We recommend that the Township adopt a conflict of interest policy between the Township, its employees and Board members.

4. Currently, the Water Department assesses a 5% penalty on water billings that are delinquent. No additional penalty is assessed. Water bills that are at least six months delinquent are placed on the property tax rolls annually. The current penalty structure does not provide an incentive for residents to pay their delinquent water bills after the 5% penalty has been assessed. We recommend that all penalty provisions of the Township be reviewed to insure that they are structured to encourage timely payments to the Township.

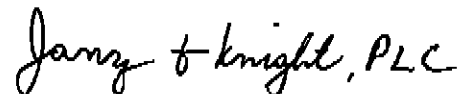
5. The Township receives monies in advance from developers to cover various costs associated with construction projects within the Township. This activity is run through the Trust & Agency Fund. In several instances these costs have exceeded the monies advanced to the Township. The Township is aware of this and is in the process of collecting the monies owed. We recommend that the Township establish procedures that insure that monies are received in advance prior to incurring developer expenses. The Planning Department should be involved with this process.

6. As you are aware the Township's cost of employee health insurance has risen significantly over the past several years. All indications are that this cost will continue to rise. In 2005 the Township paid approximately \$1 million for employee and retiree health insurance. As more and more Township employees retire the Township will become burdened with both employee and retiree health insurance costs. We recommend the Township review all options to control these costs. These should include employee and retiree co-pays, reduced benefits, etc.

7. Due to an upcoming accounting change, GASB 45, the Township will need to recognize the cost of retiree health care for current and future retirees. The new rules will require the Township's government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. This change will result in recording a substantial liability on the Township's books relating to retiree health care costs. It is our recommendation that the Township begin funding this liability by setting aside monies in a new fund.

This report is intended solely for the information and use of the Township of White Lake, management, and others within the administration and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Certified Public Accountants